



To enrich lives through effective and caring service



Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

December 6, 2007

TO: Small Craft Harbor Commission

FROM: Stan Wisniewski, Director **Stan**

SUBJECT: **COMMISSION AGENDA** – December 12, 2007 Meeting

Enclosed is the Agenda for the December 12, 2007 meeting. Also enclosed are the minutes for your Commission's August 8, 2007 meeting, October 11, 2007 meeting, and November 14, 2007 meeting. In addition, please find the reports related to Agenda Items 3a, 3b, 4a, 5a, 5b, 5d and 6a. The report related to Agenda Item 5c will be e-mailed to you and placed on the Department website by the close of business on Monday, December 10, 2007.

Please feel free to call me at (310) 305-9522 if you have any questions or need additional information.

SW:rf

Enclosures



To enrich lives through effective and caring service



SMALL CRAFT HARBOR COMMISSION

AGENDA

December 12, 2007

9:30 a.m.

Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

BURTON W. CHACE PARK COMMUNITY ROOM

13650 MINDANAO WAY

MARINA DEL REY, CA. 90292

1. Call to Order and Pledge of Allegiance
2. Approval of Minutes: August 8, 2007, October 11, 2007 and November 14, 2007 Meetings
3. **REGULAR REPORTS**
 - a. Marina Sheriff (DISCUSS REPORTS)
 - Crime Statistics
 - Enforcement of Seaworthy & Liveaboard Sections of the Harbor Ordinance
 - b. Marina del Rey and Beach Special Events (PRESENTATION BY DUSTY CRANE, DIVISION CHIEF, COMMUNITY AND MARKETING SERVICES)
 - c. Marina del Rey Convention and Visitors Bureau (PRESENTATION BY BEVERLY MOORE, EXECUTIVE DIRECTOR OF MdR CVB)
4. **OLD BUSINESS**
 - a. Proposed Letter to Board of Supervisors Regarding Boat Slip Rental Rate Increases (DISCUSS LETTER)

5. **NEW BUSINESS**

- | | |
|--|--|
| a. Parcel 27R (Jamaica Bay Inn) - Approval of
Renewal of Option to Amend Lease No. 6573 | (RECOMMEND TO BOARD
OF SUPERVISORS) |
| b. Parcel OT (Parking Lot) [Future Parcel 147] - Approval
of Option for Lease and Lease to Facilitate Redevelopment | (RECOMMEND TO BOARD
OF SUPERVISORS) |
| c. Parcel 21 (Holiday Harbor) - Approval of Option for
Amended and Restated Lease to Facilitate Redevelopment | (RECOMMEND TO BOARD
OF SUPERVISORS) |
| d. Parcel 20 (Panay Way Marina) - Approval of
Amendment No. 12 to Lease No. 6684 to Modify
Redevelopment Work and Leasehold Area | (RECOMMEND TO BOARD
OF SUPERVISORS) |

6. **STAFF REPORTS**

- | | |
|---|------------------|
| a. Ongoing Activities | (DISCUSS REPORT) |
| - Board Actions on Items Relating to Marina del Rey | |
| - Local Coastal Program Periodic Review – Update | |
| - Regional Planning Commission's Calendar | |

7. **COMMUNICATION FROM THE PUBLIC**

8. **ADJOURNMENT**

PLEASE NOTE:

1. The Los Angeles County Board of Supervisors adopted Chapter 2.160 of the Los Angeles Code (Ord. 93-0031 § 2 (part), 1993), relating to lobbyists. Any person who seeks support or endorsement from the Small Craft Harbor Commission on any official action must certify that he/she is familiar with the requirements of this ordinance. A copy of the ordinance can be provided prior to the meeting and certification is to be made before or at the meeting.
2. The agenda will be posted on the Internet and displayed at the following locations at least 72 hours preceding the meeting date:

Department of Beaches and Harbors' Website Address: <http://marinadelrey.lacounty.gov>

Department of Beaches and Harbors
Administration Building
13837 Fiji Way
Marina del Rey, CA 90292

MdR Visitors & Information Center
4701 Admiralty Way
Marina del Rey, CA 90292

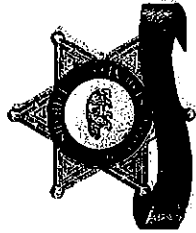
Burton Chace Park Community Room
13650 Mindanao Way
Marina del Rey, CA 90292

Lloyd Taber-Marina del Rey Library
4533 Admiralty Way
Marina del Rey, CA 90292

Si necesita asistencia para interpretar esta informacion llame al (310) 305-9547.

ADA ACCOMMODATIONS: If you require reasonable accommodations or auxiliary aids and services such as material in alternate format or a sign language interpreter, please contact the ADA (Americans with Disabilities Act) Coordinator at (310) 305-9590 (Voice) or (310) 821-1734 (TDD).

**LOS ANGELES COUNTY SHERIFF'S DEPARTMENT
MARINA DEL REY STATION
PART I CRIMES-NOVEMBER 2007**



	West Marina 2760	East Marina 2761	Lost R.D. 2762	Marina Water 2763	Upper Ladera 2764	County Area 2765	Lower Ladera 2766	Windsor Hills 2767	View Park 2768	TOTALS
Homicide										0
Rape										0
Robbery: Weapon	1							2		3
Robbery: Strong-Arm		1					1		1	3
Aggravated Assault	2				1			2	2	7
Burglary: Residence	6			1	1		3	5	3	19
Burglary: Other Structure		1		1	2	1	2	3	1	11
Grand Theft	7	2					3	4	1	17
Grand Theft Auto	3	1			2			3	1	10
Arson										0
Boat Theft	1									1
Vehicle Burglary	2	1					2	3	8	16
Boat Burglary	1									1
Petty Theft	3	6			1		1	1	2	14
REPORTING DISTRICTS TOTALS	26	12	0	2	7	1	12	23	19	102

Note- The above numbers may change due to late reports and adjustments to previously reported crimes.

Source- LARCIS, Date Prepared -DECEMBER 3, 2007
CRIME INFORMATION REPORT - OPTION B

LOS ANGELES COUNTY SHERIFF'S DEPARTMENT

MARINA DEL REY STATION

PART I CRIMES- NOVEMBER-2007



Community Advisory Committee	Upper Ladera 2764	Lower Ladera 2766
Homicide	0	0
Rape	0	0
Robbery: Weapon	0	0
Robbery: Strong-Arm	0	1
Aggravated Assault	1	0
Burglary: Residence	1	3
Burglary: Other Structure	2	2
Grand Theft	0	3
Grand Theft Auto	2	0
Arson	0	0
Boat Theft	0	0
Vehicle Burglary	0	2
Boat Burglary	0	0
Petty Theft	1	1
Total	7	12

Note- The above numbers may change due to late reports and adjustments to previously reported crimes.

Source- LARCIS, **Date Prepared** DECEMBER 3, 2007
CRIME INFORMATION REPORT - OPTION B

MARINA DEL REY HARBOR ORDINANCE SEAWORTHY & LIVEBOARD COMPLIANCE REPORT 2007

	October	November
Liveboard Permits Issued (NEW)	0	0
(RENEW)	<u>10</u>	<u>7</u>
Total	10	7
Notices to Comply Issued	0	0

	<u>Last Meeting</u>	<u>Present</u>
Total Reported Liveboards:	382	382
Total Current Liveboard Permits Issued:	175	170
Total expired permits:	94	99
Total Reported Liveboards without permits:	113	113

Total reported vessels docked in Marina del Rey Harbor: 4,416

Percentage of vessels that are registered liveboards: 8.65%

No new citations were issued for violations of 19.12.1110 L.A.C.C. (liveboard permit) or 19.12.1060 L.A.C.C. (un-seaworthy vessel) in the months of July and August.

Number Of Impounded Vessels Demolished

To date, two hundred thirty-one (233) vessels have been removed from the marina for disposal, twenty-six (28) of those in 2007. Currently, four (11) vessels are awaiting disposal.



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Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

December 6, 2007

TO: Small Craft Harbor Commission
FROM: Stan Wisniewski, Director **Stan**
SUBJECT: **ITEM 3b - MARINA DEL REY AND BEACH SPECIAL EVENTS**

MARINA DEL REY EVENTS

TALL SHIPS

Villa del Mar Anchorage, 13929 Marquesas Way, C-Basin
December 6th - 18th

Lady Washington, who played the "Interceptor" in "Pirates of the Caribbean – Curse of the Black Pearl", along with her tour partner, Hawaiian Chieftain, will arrive in Marina del Rey on Thursday, December 6th. Travel back in time aboard the Lady Washington, a reproduction of the great tall ship that sailed in the late 1700's.

There will be battle re-enactment sails and dockside tours open to the public beginning Thursday, December 6th, through Tuesday, December 18th. School aged children will have the opportunity to learn, hands-on, about global trade, navigation, and the life of 18th century sailors through scheduled educational programs.

For fee schedule and reservations call: Lady Washington at (800) 200-5239 or visit website <http://www.historicalseaport.org>.

FISHERMAN'S VILLAGE WEEKEND CONCERTS

Sponsored by Pacific Ocean Management, LLC
All concerts from 1:00 – 4:00 p.m.

Saturday, December 15

Chris "Hammer" Smith Band, performing Harmonica Jazz & Blues

Sunday, December 16

Floyd & The Fly Boys, playing Rhythm & Groove

Saturday, December 22

LA Cat, playing Reggae

Sunday, December 23

Malachi Nathan & The Elements, performing Funky Jazzy Blues

Saturday, December 29

Bob DeSena Latin Jazz Band, Latin Jazz Vibraphonist

Sunday, December 30

Susie Hansen Latin Jazz Band, performing Hot Latin Jazz

For more information call: Pacific Ocean Management at (310) 822-6866.

**MARINA DEL REY GREETES THE NEW YEAR
WITH FIREWORKS SPECTACULAR**

Monday, December 31st

Sponsored by the Department of Beaches and Harbors
and presented by Zambelli Fireworks International

Marina del Rey will usher in the New Year with a spectacular free fireworks show off the Marina South Jetty on New Year's Eve, Monday, December 31. The fireworks will begin at the 30-second countdown to midnight and continue into the opening minutes of 2008.

The fireworks can be viewed throughout Marina del Rey. The best locations for viewing fireworks are Fisherman's Village on Fiji Way and Burton Chace Park. Parking is available in County lots throughout the Marina.

For event information call: Marina del Rey Visitor Center at (310) 305-9545.

BEACH EVENTS

There are no beach events this month.

SW:DC:cm

**SMALL CRAFT HARBOR COMMISSION
MINUTES
AUGUST 8, 2007**

Commissioners

Harley Searcy, Chairman; Russ Lesser, Vice-Chairman; Albert Landini, Ed.D; Vanessa Delgado, MPA , Christopher Chuang-Lin, PhD

Department of Beaches and Harbors

Stan Wisniewski, Director

Also Present

Thomas Faughnan, Principal Deputy County Counsel; Beverly Moore, MdR Convention and Visitors Bureau; Dusty Crane, Community and Marketing Division; Lt. Roderick Kusch, Sergeant Michael Carriles and Deputy John Rochford of the Sheriff's Department

1. CALL TO ORDER, ACTION ON ABSENCES AND PLEDGE OF ALLEGIANCE

Chairman Searcy called the meeting to order at 9:37 a.m. The Commissioners, staff and members of the public stood and recited the Pledge of Allegiance.

Chairman Searcy moved and Vice-Chairman Lesser seconded a motion to excuse Commissioner Delgado from the meeting. The motion passed unanimously. Commissioner Delgado arrived later in the meeting.

2. APPROVAL OF MINUTES

Public Comment –

Ms. Marino referenced Page 10 of the minutes, second paragraph down. She stated that the discussion regarding the LCP review and the delays associated with the review, are not accurate. The entire paragraph is not very intelligible. She further commented that she did not receive the mailing on this and had just obtained this information last night.

Chairman Searcy asked Ms. Marino if she would like to spend some time correcting the minutes, which relates directly to that portion of her testimony. Chairman Searcy told Ms. Marino to provide her corrections to staff and staff would then have the minutes appropriately reflect that correction.

Ms. Marino replied that she would like to do that.

Chairman Searcy moved and Vice-Chairman Lesser seconded the motion to approve the July 11, 2007 minutes with Ms. Marino's correction to be given to staff. The motion passed unanimously.

3. REGULAR REPORTS

a. **Marina Sheriff – Crime Statistics**

Lt. Kusch stated that crime in the Marina area has remained fairly static over the last month. He commented that the Sheriff's bicycle team has stayed over the entire summer. The bicycle team has been paying attention to public events and increased patrols in subterranean garages.

Lt. Kusch explained the armed robbery at the Waterside Ralph's fresh faire market. Although this was listed as armed robbery, it was a shoplifting that escalated to a robbery when the staff tried to stop the robber. The robber brandished a knife, threw the items down and ran away. This was coded as a robbery even though it was a petty theft. There is another incident under investigation of a person brandishing a firearm at Dock 44.

Lt. Kusch would like to bring to the public's attention, that there is group(s) that are cutting down the palm trees in the Marina. It is his understanding that this is typically done when people oppose the vegetation that is not native to the area. A fifty foot palm tree is there one moment and gone the next. The Sheriff's Department is asking the public's assistance. If you see work crews hacking down a palm tree, please call the Sheriff's Station with the vehicle license plate number. The palm trees are not being cut up into small pieces and hauled away. This takes heavy equipment to saw down a palm tree in its entirety.

Lt Kusch advised the public that third row seats are being stolen out of Tahoe's, Yukon's and similar expensive vehicles. In case of a theft, the seats are marked. He advised the public that if this happens to one of them, to look on E-Bay or similar sites to see if their seat is being resold. The seats cost approximately three thousand dollars at the dealer.

--- **Enforcement of Seaworthy & Liveaboard Sections of the Harbor Ordinance**

Sgt. Carriles reported there are no significant changes.

Public Comment

Carla Andrus stated she would like to see the year on the reports.

b. **Marina del Rey and Beach Special Events**

Ms. Crane stated that we are almost through summer and advised the public that Fisherman's Village continues to have its concert series. She further spoke about other beach events and mentioned the new Los Angeles County beach guide and the updated Marina del Rey area restaurant guide. These publications are produced by private sponsorship money in which the Arrowhead Company has been a tremendous sponsor to the Department.

c. **Marina del Rey Convention and Visitors Bureau**

Ms. Moore explained that they are in the process of conducting an audit of the Marina del Rey Convention and Bureau Website to increase traffic to the website. The website has approximately fifty thousand visitors to the site each month.

OLD BUSINESS

a. **County Review of Apartment, Boat Slip and Liveaboard Rental Rates**

Mr. Wisniewski stated during the last Commission hearing, the Commission requested that the slip rent survey be standardized to show all rates by lineal foot. Accordingly, the Department has returned with a revised rent survey by lineal foot for Southern California and Marina del Rey. He further explained the rates in the Marina are consistent and in line with the rates charged at other Southern California marinas.

Chairman Searcy asked what the radius is for the Southern California survey.

Mr. Wisniewski replied sixty miles. The survey covers areas from Ventura to Newport Beach.

Commissioner Landini asked if staff could provide a vacancy report for the Marina.

Mr. Wisniewski said that staff would happily provide the report.

Commissioner Chuang-Lin asked if some of the harbors had rent control.

Mr. Wisniewski replied no. The other marinas are under the same price control procedures.

CHAIRMAN SEARCY OPENED THE FLOOR TO PUBLIC COMMENT

John Nahas asked for the presentation to be heard before the public made their comments.

Chairman Searcy stated he would accommodate Mr. Nahas' request to change the Agenda.

However for the record, (prior to this meeting) Mr. Nahas sent an e-mail to the Commission with his information, requesting to speak and advising them of what the presentation would be. In the bi-line line of the e-mail, there is subject line and then next to it, request to speak. In Mr. Nahas' subsequent e-mail that was sent to the world and the press, it contained the same e-mail message, except the subject line was greater with Chairman Seracy's name next to it. Chairman Seracy advised Mr. Nahas he did not appreciate it especially when he is trying to work with him.

ITEM #7

Mr. Nahas explained to Chairman Searcy that he requested the Commission to provide financial statements and appraisals. Further, he requested the documents at the last meeting.

Vice-Chairman Lesser replied that he asked Mr. Nahas to submit all the documentation that he said that he had in advance so the Commission could review it.

Mr. Nahas said all his information was from Beaches and Harbors, so why would he submit things that the Department already had.

Chairman Searcy replied that when he makes a presentation, he is to furnish the materials. Chairman Searcy further explained that the Commission would accommodate him and have photocopies made of whatever he brought.

Mr. Wisnewski advised the Commission that on the public document table, there is a summary of Mariners Bay gross receipts from 2000 to 2007.

Mr. Nahas said that it was his mistake. He thought the financial documents covering Mariners Bay and the other marinas would have been produced by the County.

Chairman Searcy replied that he had Mr. Nahas e-mail and that Mr. Nahas asked Chairman Searcy to make copies of the Mariners Bay gross receipt summary from 2000 to 2007. Further, Chairman Searcy told Mr. Nahas to begin his presentation.

Mr. Nahas replied that if the Commission is to make recommendations, how could they make those recommendations when they have limited information. If the Commission does not have the original lease agreement and amendments or the amount that Mariners Bay and other marinas are getting in the way of actual gross receipts, how can the Commission really justify the slip rent increases.

Chairman Searcy explained to Mr. Nahas the process of the meetings and recommended that he start with his presentation since this was part of his presentation time.

Mr. Nahas explained that the data in the survey was flawed since it does not include amenities and attributes. The data was not comparable.

Mr. Nahas started his presentation speaking about slip fee increases. He stated Mariner's Bay had fifty percent slip rental rate increases this year and a three point five percent increase every year since 2002. This was unprecedented in Marina del Rey. Mr. Nahas (they) met with Steve Napolitano in which Mr. Napolitano said he was not aware of any increases in his West Los Angeles region. Further, Mr. Nahas stated there have been consistent raises over the last several years at several marinas including Mariners Bay.

Mr. Nahas went to the Department of Beaches and Harbors and found fourteen amendments to the lease. He noted the terminology changed from "fair return on your investment" to "fair market". Mariners Bay Company, last year alone had nine point eight million dollars of gross receipts and one point two million of that went to the County. Mr. Nahas cited how Orange County gave their lessees thirty years leases and they then said goodbye to the lessees when the lease expired. Orange County now has the property and uses a management company.

He explained how fair market value is an oxymoron. If there is no supply then there is no market. With no supply, the marinas have created a leapfrog effect with slip rates. This becomes a very slippery slope between the have's against the have not's. If he cannot afford his boat slip anymore then he cannot afford his boat. Mr. Nahas went over the Mariners Bay gross receipts summary with the public using the projector.

Mr. Nahas (they) discovered Michigan State University as a source for research. The University referred him to Professor Ed Mahoney who came to their assistance. Professor Mahoney gave him

data on public recreation boating and economics. This data showed that fair market value and waterfront property is going to be the highest in the land.

Mr. Nahas then produced a movie that contained boater's comments regarding slip increases. These boaters could not attend the meeting. The movie ran approximately five minutes. (parts of the movie inaudible for transcribing due to technical difficulties)

Mr. Nahas spoke how the Department of Beaches and Harbors is two months behind in their vacancy reports. He spoke of long ADA compliant gangways at Basin A that could be changed and spoke of the use of hydraulics instead. In addition, four hundred slips from Deauville have been taken off the market for seven years and yet we have more citizens coming in to the Los Angeles area who want boat slips.

Mr. Nahas then spoke about the manipulation at Mariners Bay by increases in the thirds. He felt that didn't make sense and Mariners Bay could have easily raised all the slips at once. Further, he spoke of live-aboard status for all and doctored maintenance reports,

Mr. Nahas spoke about how the Department of Beaches and Harbors Mission Statement does not mention anything about boating. He said it's hard to be put in the position of landlord where you are getting all these increases and the other side where the Department is saying the harbor is all about recreational boating and we will protect the boaters. Further, the Department has allowed the Lessees to have too much power by allowing live-aboard limitations, raising rents and no enforcement of compliance.

Mr. Nahas concluded by commenting that the County should let the leases expire and take the land back from the Lessees. The Marina should remain recreational boating.

Mr. Jim Oates read a letter from Professor Mahoney regarding issues such as public marinas, recreation and fair market value. In the letter, Professor Mahoney explained there is no way to calculate fair market price when it comes to marina slip pricing.

Mr. Oates stated he has a boat at Villa del Mar what he considers is a nice marina, however the condition and rates and some of the other docks are horrendous.

CHAIRMAN SEARCY OPENED THE FLOOR TO PUBLIC COMMENT

Dorothy Franklin, a slip renter at Bar Harbor had her rent go up from December 2002 to January 2004. The overall increase was \$293 a month. She spoke about Basin B and C being out of commission for almost seven years. She said the County forsakes its management responsibilities, which in turn curtails the public's right to the use and enjoyment of our costal resources. Further, she spoke of the lack of public outreach on the County's part.

Buzz Cook, is a slip renter at Mariners Bay who is very much stressed at the rent increases at his facility and that the facilities have not been brought up to standard, citing the bathrooms were shameful.

Nancy Vernon Marino thanked Mr. Nahas for a wonderful presentation and a good investigation. She did not get the mailing and was very upset to find out last that Item #4a was listed as a County review of apartment boat slip and liveaboard rental rates. She stated they do not want a review but an investigation and they want the county to do it. Further, she wants this Commission to do an investigation. Ms. Marino stated to the Commission that Mr. Nahas has brought them a tremendous amount of evidence.

Nancy Marino said the Marina del Rey slip rent survey was not defined. These numbers are not defined. There are two numbers for each one and Mr. Wisniewski thinks that is the range. She said five of the twenty marinas in the survey do not have small slips. That is twenty five percent and that is pretty shameful. She stated Neptune, Marina del Rey Hotel and Marina City Club have not been renovated and asked why are these small boat slips at twenty one dollars, twenty three fifty and twenty seven fifty a foot. Further, the Commission needs to ensure that Beaches and Harbors enforces appropriate rental rates in the Marina to encourage small craft boating and affordability for the average boater.

Nancy Marino asked if the averages on the slip survey had been calculated based on the number of slips per Marina or only on the rates. She questioned why Dock 77 was not on the survey, since they have affordable rates. She stated, the survey is incomplete, has poor information and needs to be improved.

Vice-Chairman Lesser said that Nancy makes an interesting point. The three rents are so out of line compared to everything else and their bottom number, whatever the bottom number means. Vice-Chairman Lesser then asked Mr. Wisniewski if he could try and get an explanation.

Chairman Searcy replied that other wise it seems to be spiking the averages.

Vice-Chairman Lesser replied that those three numbers are so out of line with everything else in the Marina.

Chairman Searcy added that while staff is looking at that, to also look at the methodology question.

Vice-Chairman Lesser added he would also like to know what the top and bottom top numbers represents.

Mr. Wisniewski replied that it does indicate the range, but we will be happy to report back.

Jun Yang is the Marina organizer for the People Organized for Westside Renewal. He wanted to see some oversight in regulations. Mr. Yang also added that we don't understand why it is so difficult for the people in the County of Los Angeles, who live, breath and die here to get any movement in and around the County of Los Angeles. We are asking for a little more transparency and a little more support for the community that we live in and work in.

Carla Andrus spoke about the manipulation of the Marina. She just received a copy of Deauville's lease and noted that Deauville has not been paying their ground rent of thirty two thousand dollars a month for the last seven years. She would like to sit down and write a number of questions and submit those questions to Chairman Searcy regarding the manipulation of Deauville Marina. Deauville Marina has all these slips out of commission. Bar Harbor is getting ready to send out their eviction notices so they may do their renovation. She feels it is only right that these boaters have a first come, first serve opportunity to be invited to the new marina at the same rent that they are paying at Bar Harbor.

Gerald Sobel is a boater who shares a slip at Pier 44. He spoke about his rent increase. He started paying \$135 a month and is now paying \$235 a month. This increase is over a eight-year period. He complained the high-rise buildings are blocking the wind for boaters.

Eric Kupris is a boat owner who rents a slip at Pier 44. He says that he cannot afford a fifty percent increase and asked for the County to buy his boat.

Rick Horner said this is not private real estate where the goal is the highest and best use of your property. This is almost a public park, where the highest is service for the community, not the highest

value that you can achieve on a square foot of property. He then asked how someone could be a member of the Commission.

Chairman Searcy asked Mr. Faughnan to response.

Mr. Faughnan replied that the positions of the Small Craft Harbor Commission are filled by the Board Offices and there are certain qualifications for each one of these seats.

Chairman Searcy replied that if someone wished to be considered for sitting on this Commission, they should contact the Board of Supervisors.

Mr. Faughnan replied that Chairman Searcy was correct.

Mr. Horner replied that needed to be changed and he felt the Commission needs to have some balance.

Ronnie is a liveaboard at the Bay Club who is unhappy that he had a one hundred and fifty dollar rent increase this year. He said after the rent increase, the Bay Club changed the toilet paper in the bathrooms from two-ply to one ply.

Scott Ganary is a boat slip renter at the Bay Club who complained that things are not being repaired. He mentioned that he arrived one weekend and found no parking but noticed twenty-three unauthorized vehicles with no stickers. He mentioned the Harbormaster at his marina does not work on the weekends. Mr. Ganary presented pictures of the restrooms to the Commission. He also stated the mail drop on the weekend is behind a locked gate. He further mentioned that he has experienced the electricity go out four times. Afterwards, he received a letter from the office that he will be evicted if he is within five hundred feet of the office. The owner will not return his calls.

Howard Minkin is a licensed general contractor and a Marina resident and liveaboard. When he first lived in the Marina, his boat payment, insurance and rent was \$1,010.00 and now with no boat payment his rent alone is \$1,116.00. He spoke about the need for democracy and balance.

Rudi Pel has been a boater for the last forty years. He said he is afraid he is going to have to sell his boat because of slip increases.

John Rizzo asked why the questions he submitted earlier to staff were never answered.

Mr. Wisniewski replied that this was the first time that he has ever seen these questions.

Mr. Rizzo replied that he came into the office and gave the questions to Donna.

Mr. Wisniewski asked when he handed the questions in and advised him that he would have the response within a week.

Mr. Rizzo said he has seen this dog and pony show for 32 years. The Commission listened to us in 1975 and they jockey us around. We went to the Board of Supervisors, had three meetings and then came Policy Statement 27. Further, the only way to control the Marina is to look at the return on the investment. The cost to build plus the improvements. He said in his humble opinion, the Lessees are running the Marina by running the Supervisor. They own Don Knabe. Further, Don Knabe gets fifty thousand dollars campaign contributions from Jerry Epstein and Archstone. He also stated the County is losing over one hundred million dollars a year and that is why I don't have my questions answered. He ended by complementing Chairman Searcy on doing a good job.

Ed White has been a boater in the Marina for ten years. His boat slip rent has doubled at the Bay Club. He stated the working class people are getting squeezed out of the Marina.

Deborah Tallent is a resident of the Bay Club. She said that the tenants were forced into a lease since they would have to pay one hundred dollars more per month if they didn't sign a lease. Eight years ago, her slip fee was \$135 a month and as of September, her slip fee will be over \$600 a month. She stated the bathrooms are as bad as the pictures that were submitted earlier by another tenant.

T. Gray is a longtime Marina del Rey resident who was in the same situation as the last speaker who felt that she was forced into signing a lease. She stated her slip fees have almost doubled at the Bay Club. She asked Mr. Faughnan to see the requirements for becoming a member of the Commission and cited how Santa Monica College has students on their Education Board.

Louis Scaduto said he would appreciate if the survey were broken out to show the private marina versus the yacht clubs and also the management companies in place. He would also like to see the

Averages based on how many slips are in the area. In regards to the Southern California survey, he noticed that a majority of the slips are in a much lower rent profile.

Staff Comment

Mr. Wisniewski advised the public that there is a Marina del Rey slip vacancy chart for May and June 2007 available to the public at the public information table. He explained in the categories of 18 to 25 foot slips, there were 125 vacancies for the month of June. In the categories for 26 to 35 foot slips there were 39 vacancies. It is when you get into the 36 to 50 and 50 and over categories that there were only 6 vacancies.

He felt that there is a statewide if not a national trend for marinas that when they build new slips, the marinas go from a large number of small slips to a fewer number of larger slips, though they do maintain a balance in all of the categories. They do stress the larger slips. It's a matter of economics because the demand that we are not currently meeting is in the 36 and above category. The requirement that we have with the Lessees when they rebuild their slips is that they maintain a ratio that is consistent with the State Department of Boating and Waterways. They have done a study on this very issue and they have recommended ranges of percentages that an anchorage should have in each slip size catalog. The California Coastal Commission is aware of that standard and he believes they are using that when they are evaluating the number of slips that are different sizes.

Mr. Wisniewski stated this place is not run by contributions to the Supervisors. He is a paid executive and he makes recommendations to the Board. He has not seen a Supervisor give him direction on a deal point. Every deal that is made in Marina del Rey is verified as being at market pursuant to an appraisal and we are at least achieving market and in many cases, we over achieved. We have some of the toughest leases in the Country.

Mr. Wisniewski stated that in our slip rental rate survey, we survey ten thousand boat slips in Southern California and Marina del Rey falls in line with the rental rates of ten thousand other boats in Southern California. He stated that all of the proponents today would like to see investment defined as original cost. The Board of Supervisors has defined the term investment, as what is the market value is of that leasehold. Mr. Wisniewski said he does not support fifty percent increase as Mariners Bay has done and he has talked to that Lessee. Their fifty percent increase did not bring their rents above what is consider market. He felt that it was unfortunate that the Lessee did fifty percent and he has encouraged all the Lessees to increase slip rental rates in a balanced manner rather than try to

catch up with the market all at one time. Further, he is taking full responsibility for the Mariners Bay increase and it is compliant with the Lease and pursuant to Policy Statement 27.

Chairman Searcy asked how long is left on their lease.

Mr. Wisniewski replied he thought they had asked for a lease extension and the Department came back to them with terms. He thought that Mariners Bay has about twelve years left. The Department explained to Mariners Bay that the Department needed higher percentage rents from them in order to keep the County whole because the County can get this leasehold back in twelve years. Mariners Bay declined to date.

Vice-Chairman Lesser said he was looking at the schedule that the Commission was given and if you add May and June 07 compared to May and June 06, in May and June 06 it shows one million six seventy two and in May and June 07 it shows one million six ninety nine, which is a two percent increase in gross receipts.

Mr. Wisniewski replied that he believed Mr. Nahas prepared the summary. Further, he was not sure if that summary was the total gross receipts of the leasehold or just boat slip rentals.

Chairman Searcy said Mr. Wisniewski could look into it.

Mr. Wisniewski said he would be happy and then Vice Chairman Lesser replied that he wanted to know where was the rest of the money.

Mr. Wisniewski can verify that there was a fifty percent increase at Mariners Bay.

Mr. Wisniewski said that the Department conducts a premises maintenance inspection on the water every six weeks and on the land every eight weeks. He added that if the Lessee is not responsive to correcting the deficiency, the Department issues default notices. He guesses that the Department has issued six to ten notices in the four to five months. In the new leases, we require the Lessees to pay us one hundred dollars per day per violation that they go past the deadline that the Department sets.

Commissioner Delgado said the two situations that were most prevalent were the Bay Club and Mariners Bay. She asked if the Department had done everything that they can.

Vice-Chairman Lesser commented that the picture of the Bay Club bathroom was disgusting. He asked Mr. Wisniewski if the Lessee does not correct the deficiency and cannot be charged money though the lease, then what can the Department do.

Mr. Wisniewski replied that once the lease default notice goes out, then the lender can enter the game and insist that the violations be corrected.

Vice-Chairman Lesser asked if default notices have gone out to these Lessees.

Mr. Wisniewski replied that he didn't know when those pictures had been taken.

Commissioner Delgado asked that the Commission get some follow up on the bathroom item in the picture.

Mr. Wisniewski said that the Department would be happy to follow up on that specific item, and asked if that item was at the Bay Club?

Commissioner Delgado replied yes.

Commissioner Landini said while there was a great deal said, there was not a lot of focus as to what was said in terms of a call to action. He has summarized what he has heard and has put them into two motions that he would place before this Commission to act on.

1) The County Board of Supervisors call for an independent investigation and audit of boat slip rental rates within Marina del Rey and that the results of that investigation and audit be made Public.

Vice-Chairman Lesser replied that audits cost a lot of money and if we already know the rental rates in Marina del Rey, then why do we have to spend money to have an audit.

Mr. Wisniewski replied that the numbers are correct. What are you going to want to use as an investment base. Do you want a Santa Monica style rent control here? He further added the Board of Supervisors decided that Marina del Rey was going to be a market driven structure.

Mr. Faughnan explained the County of Los Angeles does not have rent control provisions for the unincorporated areas. We did have rent control back in the eighties, when the Board determined there was a housing storage but those provisions expired around 1985 and since then, there has been no rent control in Marina del Rey or anywhere else in the unincorporated areas. What we do have in Marina del Rey is a price control provision in the leases which provides the County, specifically the Director the right to determine if the prices are fair and reasonable under the lease given the factors that are set forth in that provision and the Lessees have the right to appeal a determination of the Director to the Board of Supervisors. Your Board only has the right to make recommendations to the Board regarding prices if the Board has actually requested you to do so. You can certainly make recommendations to the Board as we have talked about before. You are an advisory commission to the Board of Supervisors. You can make a motion or recommendation that the Board follows some particular action but the Commission does not have any independent right to review prices or undertake an investigation of price review.

Chairman Searcy thanked Mr. Faughnan and said that he understood. He continued to explain that Deauville was tied up in litigation for several years, which was one of the reasons for the cause of the delay. Some slips were out of commission, some were being refurbished, some had spent the money and they wanted to get their money back, some renters did not receive rent increase for a long time and when they did, they got it all at once. This is creating an issue and a problem and this is something that the Board of Supervisors needs to be aware of. This is part of the Commission's responsibility and asked how do we make them aware of this problem.

Commissioner Landini replied that with the comments that the Director has made, he could withdraw this motion if the Director would be so good as to create something as a motion that the Commission could do.

Mr. Faughnan said that this Commission is a advisory commission to the Board and that the Commission can approve a memo or communication to the Board of Supervisors, which raises the concerns that have been raised from the public; which you believe have validity and should be further investigated.

Chairman Searcy replied that the Commission couldn't just sit and let this pass. We have got to let them know there is a problem. The Commission wants to see something at the next meeting.

Mr. Wisniewski replied that we will draft a report from your Commission to the Board of Supervisors and we will have it at the next meeting.

Commissioner Landini gave his Motion Number #2

2) Board of Supervisors to establish a policy to 1) exclude boat slips from all future leases of County land within Marina del Rey. 2) Establish the Department of Beaches and Harbors as the operator in charge of renting, maintaining, and operating boat slips as current leases affecting the boats slips comes to an end of term. 3) That the Small Craft Harbor Commission be designated as the oversight commission approving slip rental rates for slips directly under County control.

Vice-Chairman Lesser said he would like to get the pros and cons before voting on this motion.

Commissioner Landini replied maybe the best way to handle motion number two is to have the Director to prepare a report that we could look at for transmission to the Board of Supervisors with the pro and cons of all three points.

Vice-Chairman Lesser replied that this sounded great but the County has to maintain and repair the slips when they fall apart. Vice-Chairman Lesser was on the City Council for Manhattan Beach. Manhattan Beach had civil service city employees doing their landscaping. When they brought in private industry in to do the job, the cost went from \$450,000 a year to \$150,000 a year and private industry did a better job. When Manhattan Beach got rid of the city trash business, everyone saved twenty five percent. Government is not notoriously efficient at doing things.

Commissioner Delgado replied that the only thing that she is willing to support is the review of what the pros and cons are.

Chairman Searcy asked Mr. Wisniewski if he had enough time between now and then to do an exhaustive review of the County taking over the operation of the boat slips.

Mr. Wisniewski replied that he didn't think that they were going to end up having an exhaustive review but we'll do the best that we can by the next meeting because this issue has a sense of urgency.

b. Compliant re: Capri Apartments Affordable Unit Rent Overcharges and Refunds

Mr. Faughnan stated that himself and staff from the Community Development Commission met with the Lessee and the Lessee's representatives and that they reached an agreement and understanding on the appropriate rates to be charged for the affordable units and what were not appropriate charges.

The Lessee has prepared information for the CDC to review of what the overcharges are for each individual apartment and the CDC is currently reviewing that information and once they confirm the information is correct, the Lessee will be cutting checks and sending the individuals tenants letters informing them of the appropriate rates and providing them with reimbursement of the overcharge.

Chairman Searcy asked if that would include interest.

Mr. Faughman replied yes.

CHAIRMAN SEARCY OPENED THE FLOOR TO PUBLIC COMMENT

Nancy Vernon Marino stated that she thought at the last meeting there was an acknowledgement that the lessees had overcharged the tenants and the amounts were pretty much understood. She thought the Commission should recommend that in addition to their money, there should be a penalty

for any more time taken. The overcharging was done illegally to begin with and to just simply give them money back with interest is not adequate in this situation.

Mary Ann Weaver asked Mr. Faughman when is this going to happen.

Mr. Faughman replied the CDC received the information yesterday, as did he. He has not been able to touch base with them, since he is here today. To determine how long the review will take, he doesn't imagine that it will take very long. The Lessee has agreed to send the checks and letters out as soon as they get confirmation from CDC that the numbers are correct.

Ms. Weaver replied that seven tenants including her have gone to the State and that the Lessee is violating State law. The State told her that it should not have taken nineteen months for the County to correct this problem. The gentlemen advised her to put in a complaint and get the State involved.

Carla Andrus stated she was disappointed that the public was not at the CDC meeting. She further stated that she asked Mr. Faughnan if the public could attend and he said, absolutely not. It was important for the public to be at this meeting because something is going on between the County and Goldrich and Kest. There are issues on Parcel 18 that have never been addressed, which is another arrangement between the County and Goldrich and Kest.

Mr. Wisniewski replied that if the Commission is interested, that we could invite the Community Development Commission to a meeting. They receive a fee from Lessees for monitoring the affordable housing issue units in the Marina. Mr. Wisniewski stated he would be interested in them making a presentation to the Commission.

Chairman Searcy replied to please do so.

Chairman Searcy called Mr. Gardner to the table.

Chairman Searcy asked Mr. Faughnan if there was any reason why Mr. Gardner couldn't cut the tenants checks today.

Mr. Faughnan replied there was no legal reason.

Mr. Gardner replied to Chairman Searcy that he told him previously that if they made an error they would fix it. It had taken them a while to get together with CDC, but as promised they did. The calculation that they used which they were initially directed to use was a federal guideline. Those were the rents that we used. We didn't pull them out of the air. When we met with the CDC, they told us we were using state guidelines and they showed us how they made the calculations and we showed them how we made the calculations. Mr. Garner said the only reason that they did not send the checks out was that he did not want the CDC to come back and say the calculation was not correct. Further, within the next couple of days, the residents should receive a check and effective September 1st the tenants will be paying new rents. He is waiting for a phone call back from Mr. Babcock just to clarify that we are on the right track.

Jun Yang said that the tenants have asked for one-year leases and never once have had that opportunity. This is supposed to now go though but if it doesn't, he thinks there should be violations or punishments given to the Lessees.

5. NEW BUSINESS

a. None

6. STAFF REPORTS**a. Ongoing Activities**

Mr. Wisniewski suggested given the hour of the day, the Commission receive and file the report unless the Commission had any questions.

Chairman Searcy said he was going to pull the item but would like to go to the Local Coastal Program Periodic Review.

Staff Comment

Mr. Wisniewski said there were about twenty people that spoke before the Commission in San Luis Obispo at their last meeting in July. We identified the issues that were raised and we understand that the Commission will again hear the Marina del Rey periodic review at their October meeting in the Los Angeles area.

Commissioner Landini asked if we would hear any response.

Mr. Wisniewski replied that once the Commission acts, the County has one full year to respond in which the response will go through the Board of Supervisors. The staff report will be brought through this Commission.

CHAIRMAN SEARCY OPENED THE FLOOR TO PUBLIC COMMENT

Nancy Vernon Marino said the County has already taken more than one year to respond. She stated there was an original draft in June 2005, followed by a one year public comment period in which the County had equal opportunity with the public to submit and language recommendations after which the Commission was supposed to come up with a final draft and have a public hearing to move and vote on that final draft of recommendation. The County for some reason thought it didn't have enough time to respond to that final draft and has had this delayed since July of last time. In the meantime, your Commission, the Department of Beaches of Harbors, the Department of Regional Planning have been moving merrily along with all sorts of projects that have been in violation of the letter of the law of the Coastal Commission ordinances, the Specific Plan and many more which are in violation of the spirit of the land use plan. She spoke of a public information request that the County claims is confidential. This was submitted in writing to the Coastal Commission with the request that it be kept confidential. The Commission said no, we can't. It will become public information. The County withdrew it and claims it is confidential.

Jun Yang read a letter into record from Don Klien requesting a state senate investigation regarding boat slips increases.

Carla Andrus asked the Commission to make a public information request for the correspondence between the Director and Andi Culbertson.

Chairman Searcy replied to Ms. Andrus that she needs to put the request into writing.

Mr. Faughnan replied to Ms. Andrus that she needs to submit the request to the Department of Beaches and Harbors and not the Commission.

Chairman Searcy told Ms. Andrus to submit the request to the Department of Beaches and Harbors.

7. COMMUNICATION FROM THE PUBLIC

Katherine Montesano said she is in affordable housing and just received a ninety-dollar increase at the Marina Harbor Apartments. She is on a fixed limited income. She also said they are now reviewing the criteria for 2007.

Commission Searcy asked Mr. Faughnan if staff could look at this matter. We just went through this with Capri Apartments.

Mr. Faughnan replied yes.

Virginia Hardy read a letter that she wrote to Supervisor Knabe about how difficult it is to obtain senior housing.

Nancy Vernon Marino spoke about Sewer System Management Plan Development Schedule. On the third box down under legal authority, item e) enforce any violation of its sewer ordinances. She thinks that is a slip, she thinks they mean enforce the sewer ordinances or enforce penalties for violations of an ordinance. In the next box down, item d) providing preventative activities and tracking work orders. On Panay Way, she would like to know about the runoff diversion project from Mothers Beach over into the sea basin. That project was approved and there was supposed to be four trucks and seventy thousand cubic yards of asphalt removed. After talking to an engineer over there, she found out there has only been one truck and seventeen thousand cubic yards of asphalt removed. If the project was approved at the cost of using four trucks and extra tens of thousands of cubic yards of asphalt, then where is the money? Was it spent? Did it disappear? She would like this tracked and made a part of the official record. She wants an official investigation and for the department to report back to the Small Craft Harbor Commission at the next meeting. She thanked the Commission and asked them to demand a master plan before this Commission gives any approvals for any more projects.

William Vaeszk said the boats are legal second homes and boat owners are getting the shaft. We have to have a legal way to force the County to be more consumer friendly. He feels we should run the marina like a mobile home park.

James Oates spoke about having a better rating system for the boat slip survey.

Mr. Nahas spoke to the Commission about having night and weekend meetings so more members of the public can attend.

Chairman Searcy replied that they would have another night meeting however the last time they had a night meetings everyone left after the development presentation was over.

Lastly, Mr. Nahas commented that you can't give confidential documents to the California Coastal Commission as Los Angeles County did. Mr. Nahas stated he contacted the Coastal Commission and they told him they did not know what was going on when they received the documents. They called their attorneys and the attorneys told the Commission to do nothing and to send it back to Los Angeles County.

Chairman Searcy tried to explain the public information act and tried to tell Mr. Nahas that it is not as cut and dry, as it seems. He advised him to read the public records act and case laws.

ADJOURNMENT

Chairman Searcy adjourned the meeting at 1:23 p.m.

Respectfully submitted by:

Maureen Sterling,

Acting Commission Secretary

**SMALL CRAFT HARBOR COMMISSION
SPECIAL MEETING
MINUTES
October 11, 2007**

Commissioners

Harley Searcy, Chairman; Russ Lesser, Vice-Chairman; Albert Landini, Ed.D; Vanessa Delgado, MPA, Christopher Chuang-Lin, PhD

Department of Beaches and Harbors

Stan Wisniewski, Director; Santos Kreimann, Deputy Director

Also Present

Thomas Faughnan, Principal Deputy County Counsel; Beverly Moore, MdR Convention and Visitors Bureau; Dusty Crane, Community and Marketing Division; Lt. Roderick Kusch, Sergeant Michael Carriles and Deputy John Rochford of the Sheriff's Department

1. CALL TO ORDER, ACTION ON ABSENCES AND PLEDGE OF ALLEGIANCE

Chairman Searcy called the meeting to order at 6:10 PM. The Commissioners, staff and members of the public stood and recited the Pledge of Allegiance.

2. DRAFT OF MINUTES

Chairman Searcy asked Mr. Wisniewski if there was a reason for a draft of minutes for August 8, 2007 as opposed to approved minutes. Chairman Searcy then stated he had minutes from the August 8th meeting and asked for a motion to approve the minutes.

Commissioner Delgado had about fifteen corrections, very minor but numerous. Mr. Wisniewski asked that the corrections be read into the record and calendar the minutes for the next meeting. Chairman Searcy stated corrections need to be submitted in writing.

Public Comment

Mr. Nahhas would like to have corrections submitted in writing and addressed at a later time.

3. REGULAR REPORTS

a. Marina Sheriff – Crime Statistics

Lt. Kusch informed the public that mail was stolen from an apartment complex on Via Marina. The mail theft led to a series of identity theft cases. Lt. Kusch asked the audience if anyone experienced mail or identity theft in the area, please bring that to the attention of the Marina Sheriff's station. Contact Detective Martinez, who is handling the case and can be reached at (310) 482-6000.

Lt. Kusch revisited crimes he highlighted in the past, for example, thieves breaking into cars and stealing electronic devices and theft of third row back seats from Tahoes and Yukons. He advised the public that LAPD Pacific Division made a significant number of arrests in the last month. There was a search warrant served, and property was recovered. It is likely the suspect in the Marina del Rey area may have been responsible for the LAPD Pacific thefts. Detective Doke at the Marina station has more information and can be reached at (310) 482-6000.

Lt. Kusch reported that crime in the Marina area has remained fairly static. There are the typical auto thefts, burglaries, etc., that occur in the subterranean garages. He advised the public to place electronic items out of sight in their car or take them out of the car and keep garage doors closed.

--- Enforcement of Seaworthy & Liveaboard Sections of the Harbor Ordinance

Deputy Rochford stated there has been a significant decrease in liveaboards this month, as expected. Liveaboards that were certified a year ago are expiring at the same time, so there will be some decreases in the number of liveaboards in the marina.

Chairman Searcy asked if the Sheriff expected these expired liveaboard permits to reapply. Deputy Rochford stated in the past, there was not a system of checks and balances. Now, the Sheriff's Department knows when and which permits expire. Notices are being placed on the boats and they are contacting the dockmaster. Chairman Searcy stated the Commission looks at liveaboards as a positive aspect, and would like the Sheriff to let liveaboards know they are part of the community through the permit process.

Public Comments

Ms. Carla Andrus stated there is an increase in liveaboards. She would like the number of evictions added to the report. Chairman Searcy explained neither the Sheriff nor the County has that information because the Board and County are not aware of the evictions when they occur. There is some difficulty in tracking evictions. Mr. Wisniewski stated he has no problem making that request to the lessees and he'll encourage them to provide the information.

b. Marina del Rey Beach and Special Events

Mr. Wisniewski would like the commission to receive and file this report. He encouraged the Argonaut to advertise the special events for Marina del Rey and the beach communities.

c. Marina del Rey Convention and Visitors Bureau

Ms. Moore explained that the Visitor's Bureau has a strong relationship with the media. Specifically, the travel media is helpful in making sure events, attractions, sight seeing opportunities, hotels, restaurants, private charters, public tours, rentals, and all the things people can do in the marina are included in stories. Ms. Moore shared new media clippings that were published as a result of the Visitor Bureau's efforts.

Commissioner Lesser stated Beverly is doing a fabulous job. She is a real asset to this community and we should all thank her.

Public Comments

Ms. Andrus stated that more outreach to the community is needed and that Burton Chace Park is a place for people in the Marina to meet.

4. Old Business

a. County Review of Boat Slip Rental Rates

Mr. Wisniewski made a presentation of the revised boat slip survey report which included updated September 2007 data and addressed the mathematical anomaly identified in the previous report that caused some confusion at the last SCHC meeting. The mathematical anomaly resulted from lessees charging a flat rate for a standard slip size which was divided over the actual size of the boat. As a result, the lineal foot rate reported for a 12' boat appeared higher than the lineal foot rate charged for a 25' boat, as the slip fee was distributed over a smaller base. Mr. Wisniewski indicated that the revised report format addressed this concern by providing rate information on slip sizes available in the Marina only.

Mr. Wisniewski further reported that the new data shows the September 2007 slip rental rates in Marina del Rey for the 25, 30, 35 and 45 ft. categories are below the average rate charged in other Southern California harbors. MDR Slip fees in the 40' and 50' categories have a higher rate average rate than those in other harbors, but are well within the range of the rates at other Southern California marinas.

Vice-Chairman Lesser stated page two of the report in item 4a is a summary of all the marinas. These are all the marinas as far north as Ventura as far south as Dana Point. He explained for the 25 ft. slip, the Marina del Rey average is \$12.24 and the average for Southern California is \$12.63, which means Marina del Rey is about 4 percent less. Also, on the average, 30 ft. slips there about 9 percent less in Marina del Rey, 35 ft. slips are about 4 percent less. The 40 ft. slips are more. The 45 ft. slips are about 1 percent under the average and then the 50 ft. slip is 12 percent above the average.

Vice-Chairman Lesser further stated smaller boat slips are less than the average; the only ones that are substantial are the ones for 50 ft. boats or larger. Mr. Wisniewski replied correct. He confirmed the average for 40 ft. in Marina del Rey is above the average for 40 ft. from outside marinas.

Commissioner Delgado asked if the formula error or issue is anywhere else on the chart. Mr. Wisniewski said the information that was presented before was not wrong, it was just counter intuitive, and was not presented well.

Public Comments

Mr. George Cook is a legal liveaboard at the Mariners Bay. He spoke about the recent rent increase, the lack of heaters in the concrete bathrooms, and dock conditions. He stated that there is no money appropriated for the next three months for any repairs to the dock. He would like standardized criteria to assess the condition of the docks and the corresponding amount of rent.

Mr. Wisniewski explained to Mr. Cook that he is looking into the heaters, and aware of the condition of the Pier 44 docks. The department has been tough in terms of maintenance and bringing up the condition on those docks.

Ms. Andrus stated the 18-25 ft. slips are being eliminated. Panay Way has one hundred and twelve 18-25 ft. slips with a permit pending to demolish all but six. She explained the solution will be dry stack storage.

Mr. Wisniewski replied that the comment that there will not be boat slips in the 18-25 ft. category when marinas are rebuilt is incorrect. He explained Parcel 111 and 112 Marina Harbor have quite a few 25 ft. slips. He will survey the number of slips for the commission.

Mr. Wisniewski said slip construction project requires a Coastal Commission permit. He stated the Coastal Commission and Department are concerned about having a good allocation of slips that meets the market demand. The State Department of Boating and Waterways issued a report that gives guidelines regarding new anchorages. Beaches and Harbors are compliant with those standards and are held to them by the California Coastal Commission.

Robert Olsburg has been in Pier 44 since 1996. He stated there are conditions that exist that are untenable. There is human and animal feces in the water and the docks have not been improved since 1996. He was concerned about the 25 percent increase, and the fact that he was told he will be thrown out in February 08. Chairman Searcy replied there were some severe conditions. The Department will review and report back.

Andy Besset is a spokesperson for the Marina Boat Owners Association. She would like to know what the Commission has done about the lessees minimizing the number of boat slips to recapture parking for the apartment rentals.

Mr. Wisniewski replied the reference that parking is being taken away to get fewer slips so parking can support other landside uses is not the reality. The slips that are being built today to meet current market demands are built according to the standards the State Department of Boating and Waterways has issued. In addition, the Coastal Commission has approved each of the development projects in the harbor.

Chairman Searcy asked that the standards be made available to the public. Mr. Wisniewski replied it will be included in the follow up report next month.

John Nahhas stated the data received by the Department is wrong. He has data that is more accurate. Mr. Nahhas asked the Commission to direct Mr. Wisniewski to make it public record how the sampling of data took place. He compared the information he received from Dana Point boat owners association with the chart. Chairman Searcy asked Mr. Nahhas to submit the data for review. Mr. Wisniewski replied he would like to see the data that is in conflict.

Mr. Kreimann explained staff went online for each anchorage to collect rate sheets, for each particular slip size. Phone calls were made to confirm the published rates with the dockmaster for each anchorage. In those instances where there were some discrepancies, staff worked with the dockmasters to reconcile those discrepancies. There are ongoing monthly reports in the marina from each one of the lessees or the harbor masters to confirm the rates.

Mr. Riley is a representative of the Marina del Rey Lessees Association. After reviewing the charts, Mr. Riley stated Marina del Rey offers, on average, boat slips at rates more favorable to renters than other marinas in Southern California. The County has a more favorable and lenient policy in regards to liveaboards than other marinas in the state. He conducted a survey of marinas, discovered many marinas operated by government agencies do not permit liveaboards or set limits on the number allowed.

David Barish is a former auditor and real estate consultant for Arthur Anderson. He has done numerous real estate consulting reports, site inspections and a number of comparable price reports. Mr. Barish asked if the amenities at the different harbors have been considered in the report.

Mr. Wisniewski replied compared to the other Southern California marinas, there are no other Harbors with a rigorous inspection and maintenance compliance as Marina del Rey. The new leases in Marina del Rey effect liquidated damages of \$100 per day per deficiency.

Mr. Wisniewski stated amenities throughout the marinas are generally compliant throughout Southern California. Amenity levels are roughly the same and in some cases they are lower than Marina del Rey. Mr. Wisniewski said the amenities that are provided here in terms of parking, restrooms and access to other facilities are on par with what others charge.

John Rizzo, President of the Marina Tenants Association, spoke about dissemination of incorrect information. Mr. Rizzo stated that he had not been given information he requested.

Nancy Marino commented the County did not explain the methodology for this survey. Ms. Marino stated there is not adequate information to make a qualitative judgment based on that data. Ms. Marino asked the Commission to conduct an independent investigation.

Chairman Searcy explained they are an advisory commission. He explained they need to go to the County Board of Supervisors to take action on an item.

Ron Hart explained his rent was raised 64.3% last week, and advised the public to write a letter, make calls and send e-mails to the Board of Supervisors.

Mr. Wisniewski explained market rental rates exist and that he would never recommend to the Board to underwrite lower rental rates in Marina del Rey for an apartment or slip. He thinks it is inappropriate for the 10 million taxpayers that own Marina del Rey to subsidize the recreational boaters and the slip tenants as well as the apartment tenants.

Jun Yang explained the boaters from Ventura to Dana Point do not feel the increase is fair and reasonable. The Commission has a responsibility to the boaters. Mr. Yang asked Mr. Wisniewski how often lessees are fined, how often they are compliant, and are there compliance reports that the public can see. Mr. Wisniewski replied the maintenance inspection reports are available. The deficiency reports are public records. Mr. Wisniewski said Mr. Kreimann will open the files and the notices to the public that have been issued to lessees.

Helen Garrett asked Mr. Wisniewski to prove there are small boat slips available. Mr. Wisniewski replied that a report will be available. She believes the intent of the owners in the Marina is to get rid of small boats, and stated the Marina should be a resource for affordable housing.

Donald Klein responded to comments made by Vice-Chairman Lesser. Mr. Klein stated that if the slip fees in Marina del Rey were higher than other marinas, it would be price gouging. Mr. Klein further stated if the rates were lower to have a boat in other marinas then the taxpayers of Los Angeles County would be subsidizing the boaters of Marina del Rey. Marina del Rey was sold to a non-profit corporation in 1993 for \$187 million dollars for the purpose of covering the County budget. Mr. Klein thinks there is a need for a financial audit.

Vice-Chairman Lesser clarified his comments stating that if lessees were charging more for Marina del Rey slips than other marinas in the area, that would be price gouging. If they were charging less, residents of Los Angeles County would be in fact subsidizing. If marinas are charging less than fair market value, taxpayers are not getting money that would go into the general fund for public services. Vice-Chairman Lesser agrees that the tenants and boat owners are supporting this marina. However, if tenants are paying less than fair market value, the rest of the taxpayers and the County are subsidizing them. Mr. Lesser said he has not seen any data that proves the comparable slip rentals report is incorrect.

Mr. Wisniewski stated there are ongoing financial audits of marina lessees to ensure that they are compliant with the terms of their lease and paying their appropriate rents to the County. Mr. Wisniewski explained the percentage rents the County gets is 25 percent and higher on slip rental gross receipts.

Mr. Wisniewski concluded that it is important for everyone to know that there are periodic fair market rental value appraisals. He stated they renegotiate every ten years, and will find that the percentage rents the County charges in Marina del Rey are very aggressive and the County is assured of getting its fair market return.

b. Proposed Letter to the Board of Supervisors to Express Commissioner Concern Regarding Boat Slip Rental Rate Increases

Chairman Searcy explained it is a proposed letter, a draft to be discussed.

Mr. Wisniewski explained this letter is a summary of what occurred at the August 2007 meeting. The letter includes the effort the County has taken to assure there is aggressive maintenance inspections as well as inclusion of a liquidated damages clause in extended leases.

Commissioner Landini asked Mr. Nahhas if he was going to provide the hard data that was discussed earlier about alternative rental rates, and when he will present that to the Director. Mr. Nahhas responded in the next couple of days.

Commissioner Landini made a motion to hold off on the draft letter, until such time that Mr. Wisniewski can look at Mr. Nahhas' new data. Commissioner Landini stated it seems inappropriate to discuss the letter if Mr. Nahhas' data would lead to alternative conclusions. Commissioner Delgado replied there are a lot of people that made time to attend the meeting. These people should be heard; the draft does not have to be acted on tonight.

Chairman Searcy said he will hear them. He does not feel the letter captures the sense of outrage of the community. Chairman Searcy will make some edits to the letter, but not until the additional information is received from Mr. Nahhas.

Vice-Chairman Lesser agrees that it doesn't express the outrage. But, he would like to know what is wrong with the letter. He said the question is are they being gouged or are they paying fair market value, which is what the Board of Supervisors is going to want to know.

Chairman Searcy explained there will be no action on the letter, because they are going to allow several representatives to submit data, which will impact the letter.\

Public Comments

David De Lange spoke about the standard of how rent is determined. It should be based on the principle of low cost boating opportunities being expanded.

Vice-Chairman Lesser asked County Counsel if this gentleman is correct in saying that the County law is to provide low cost boating opportunities. Mr. Faughnan stated that was incorrect and could report back on what is in the LCP. The LCP is a planning document and there are a number of policies discussed in the LCP to make available low cost boating opportunities and low cost accommodations for affordable housing. The fact that those opportunities are supposed to be encouraged does not mandate that all boating activities in the marina be subsidized or all housing in the marina be subsidized or all hotel accommodations be subsidized.

Ms. Marino referred to Mr. Lesser's comments that if boaters are paying less than fair market value, the other taxpayers in the County are subsidizing the boaters, commented on the amount of money Marina del Rey contributes to the County general fund, and why the Commissioners allowed the Department of Beaches and Harbors to draft a letter. Clearly, they are not an impartial party in this process and have

written this letter to their advantage. It sounded as if Mr. Nahhas was the individual man with one opinion. Mr. Nahhas has been supported by many boaters who wish to remain anonymous because of their fear of reprisals from marina lessees. She would like the Commission to draft their own letter. She finds it highly offensive that the Department of Beaches and Harbors is writing letters for the Commission.

Chairman Searcy stated he will be the repository for receiving comments, and asked Commissioner Landini to forward any comments to him.

Ms. Andrus stated the marina is mandated as a Small Craft Harbor, and it is mandated for affordable housing. The Department is trying to replace the mandate with their asset management strategy. There should be a firm reasonable cost for everyone on a fair and equal basis, this is house document 389. There are amendments that this Department is asking the California Coastal Commission to make amendments to the land use plan that would be illegal for the coastal act to do.

Chairman Searcy stated it was not a final document, the cover letter says this is a draft for discussion. The letter will be worked on and made better. That's the bottom line.

Mr. Nahhas stated this letter in no way reflects what took place on August 8, 2007. He thought all the commissioners knew that. Mr. Nahhas also stated there was a leading expert in boating economics that gave a presentation. There was much documentation from Dr. Ed Mahoney from Michigan State University. There have never been any studies on boat slips. There has never been any kind of pricing index on boat slips. There is no way anyone can calculate a boat slip price, a 45 year old dock, and the current price of it. The boating community is suffering, 50 percent increases are not normal.

Vice-Chairman Lesser asked if the survey reflects rents after the rate increases. Mr. Wisniewski replied correct.

Vice-Chairman Lesser said after the rate increases, they're still comparable to all the other marinas. Since the rent wasn't raised for a long time, they were well below market.

Vice-Chairman Lesser asked how do MDR marinas stay within comparable cost to all the other marinas in the area.

Mr. Wisniewski explained it's a policy issue. The policy determination has been made that rents in Marina del Rey will be market rental rates. What is being heard today is that people are interpreting it as fair and reasonable which means there should be a return to the lessee based on some cost basis they have in the leasehold. That is a fundamental disagreement with the Department and the proponents you hear tonight. It has nothing to do with the accuracy of our administration of the policy.

Chairman Searcy explained a letter from this Commission is advisory. An earlier speaker said the ultimate body that has the power and the authority is the Board of Supervisors.

Commissioner Chuang Lin stated he thinks this Commission, especially the Chair, has been trying to work together with the audience as a team. Together, hopefully they will be able to bring something to the attention of the Supervisors.

Donald Klein stated one of the problems with writing letters to governmental agencies and entities, is people get evicted for things like this. People start writing to the Board of Supervisors and Beaches and Harbors, somehow gets back to the lessee and the guy gets a 30 day notice.

c. Commissioner Landini's Request to Study Potential County Takeover of Private Docks

5. New Business

a. Vice-Chairman Lesser's Response to Slip Rate Concerns and Commissioner Landini's Suggestion that the County Take Over Operation and Maintenance of Private Docks

Mr. Wisniewski asked Chairman Searcy to take new business item 5a first, because that will engender a discussion on the County's take over and whether that's appropriate or not. Mr. Wisniewski provided a very brief overview.

Commissioner Landini discussed boater rights and his desire to bring this issue from the public before the Board of Supervisors, who has the authority to act on the matter of the boaters right under the guidance of County Counsel. It appeared the only avenue open to the County was to create new legislation at the State level that would grant homeowner rights to liveaboards in boatslips. That failed to move past this board. Now in this second effort, he is trying to respond to the public points of view, regarding the slip rental rates. There seems to be at least two opposing points of view. Mr. Wisniewski pointed out clearly there seems to be a fundamental difference between what is called the private sector model, for lack of a better name, a public utility model. Under the private sector model, the driving force seems to get a return on value as value of the land increases, to get greater rental rates and keeping with those increases in lands. As the primary controlling force under the private sector model is market demand, if people are willing to come in and pay those rates the market will sustain, if not then the prices will fall. In doing this, it seems as though the fundamental philosophy that the County's ten million residents are best served by a high-income rate of return to help fund other County activities, and this part comes from high rents being charged for boat slips. This is called the market model. The other model is the public sector model. When the public sector builds a building, they don't look for a return of value when they issue a bond, they are only seeking to reclaim the construction cost on the building. So we call that a return on investment, that being a hard core dollars going in, so even though the market value of the underlying land might go up, the only rate of return looked at in this kind of a model, is a return on the cost of construction.

Mr. Wisniewski explained the rates that the Department charges for any newly acquired slips will have to go to the Board of Supervisors for approval. He will recommend the Department charge the average rate in Marina del Rey. He wants a formula established for it, so there is no pressure on the County to keep the rents lower than market.

Public Comments

Ms. Andrus stated default notices should have been issued long ago. Panay Way has one hundred and twelve 18-25 foot slips and they want to eliminate all but six of them, according to this pending permit. The marina was built as a Small Craft Harbor, not like Long Beach where you have bigger boats. Look at house document 389; you need to know where your mandate comes from.

Mr. Tim Riley stated he believes bringing proposals to exclude boat slips from all future leases of County property and to make the Department the operator in charge of renting, maintaining, operating boat slips whose current leases expire is short sighted. Mr. Riley further stated Vice-Chairman Lesser's experience in city government is instructive and worthy of consideration by this body. His letter cites specific examples of transferring non-essential services to private contractors. Landscaping and trash hauling services are provided at a reduced cost by private enterprise. The operation of boat docks and slips is another non-essential service that is more cost-effective when provided by the private sector,

since recreation boating is not an essential government service such as law enforcement and fire protection.

Mr. Rizzo stated Mr. Landini's proposal is a step in the right direction, and the County is not getting its fair share of revenue.

Ms. Marino discussed fair market value and a ballot measure.

Chairman Searcy stated drafting the board letter is an important issue and he will not be rushed. He asked to indicate on the website that the Chairman asked for comments from the public, and the letter will be on the December agenda of the SCHC meeting.

6. STAFF REPORTS

a. Ongoing Activities

Chairman Searcy received and filed the report.

Public Comments

Ms. Marino stated she would like to talk about the local coastal program periodic review update. It was continued one more time at the behest of the County who now wishes to challenge the Coastal Commission's biologist's report. She believes this is a pattern of delays that has been engineered by the County.

Mr. Wisniewski stated the Coastal Commissions periodic review of the marina's LCP is completely under their control. The Coastal Commission staff and the Coastal Commission are in control of the timeline.

Vice Chairman Lesser made a motion that the Commission authorize the Chairman to send a letter to the Coastal Commission requesting they hold their January meeting in Marina del Rey.

Commissioner Delgado seconded the motion.

Chairman Searcy asked if the maker of the motion would entertain a friendly amendment to request not postponing the meeting again. Vice-Chairman Lesser responded yes.

Commissioner Landini asked if the letter was to be signed by the SCHC or the Director. Commissioner Delgado responded SCHC.

Chairman Searcy asked Mr. Faughnan if there were any issues, since it's an advisory letter. Mr. Faughnan replied no.

The motion passed unanimously as amended.

7. COMMUNICATION FROM THE PUBLIC

Nancy Marino asked for an investigation or an audit to determine the number of large and small boat slips available for rent.

Dee Dee Ardette discussed fair market value, free market, and income generated by the marina.

David Barish talked about the state of the marina, including Mothers Beach, funding recreation, and subsidizing private developers.

Dorothy Franklin talked about revenue generation in the marina, parking, dock conditions and amenities.

Robert Williams spoke about increases in liveaboard fees and creating the City of Marina del Rey.

Rick Davidson discussed a problem he was having with securing boat rental space in Marina Harbor. Mr. Wisniewski told Mr. Davidson and the Commission he would speak to the lessee about Mr. Davidson's situation, and report back to the Commission at the next meeting.

John Lucero disputed a \$575 bill he received from Beaches and Harbors for mooring adjacent to the entrance of Marina del Rey, which is an anchorage that has been taken from the public. Mr. Wisniewski responded the entrance to Marina del Rey is not an anchorage, and has encouraged the Sheriff to enforce removing vessels from the area. Mr. Wisniewski further explained that moored vessels at the entrance to Marina del Rey is dangerous to navigation.

Jun Yang commented about the cancelled September meeting, where Goldrich and Kest, the owner of Capri, was to return to the Commission with correct rental rates in their lease. Mr. Yang further stated that Legal Aid sent Tom Faughnan a letter about the situation, to which Mr. Faughnan replied he sent a response letter to Legal Aid. Mr. Yang also stated there is senior discrimination in that building, to which Mr. Faughnan disagreed and offered to check into any other problems.

Lori Herai and Mr. Nahhas compared the docks at Pier 44 and Villa del Mar.

Nancy Ruben discussed a fire she had on her floating home, and ultimately received a thirty day notice to remove her boat from Mariners Bay after she repaired her floating home. Mr. Wisniewski indicated there was more to the story, and will report on this situation at the next meeting. Ms. Ruben also alleged a black market situation exists in the marina in reference to boat slips. Vice-Chairman Lesser stated he understands the dilemma with these floating homes.

Brian Harr discussed improper evictions, temporary mooring at Chace Park, and a 'Federal Anchorage Area'.

Mr. Sobel explained that Alamedas Bay has empty slips and they are losing a fortune. They remove their boats from the water every nine months.

Mr. Nahhas explained that discrimination is extremely prevalent. Mr. Nahhas would like Mr. Wisniewski to find out the federal regulations of what constitutes safe harbor.

Vice Chairman Lesser asked that five things be put on the agenda; Mr. Rizzo's questions, the survey of the vacancies, people being evicted because they are writing letters, Mr. Nahhas' data on the slip rental rates, and information about dockmasters taking money under the table.

ADJOURNMENT

Chairman Searcy adjourned the meeting at 10:30 pm

Respectfully submitted by:

Cynthia Brown

Acting Commission Secretary

**SMALL CRAFT HARBOR COMMISSION
MINUTES
November 14, 2007**

Commissioners Present

Harley Searcy, Chairman; Russ Lesser, Vice-Chairman; Albert Landini, Ed.D;
Vanessa Delgado, MPA

Commissioners Absent

Christopher Chuang-Lin, PhD

Department of Beaches and Harbors

Stan Wisniewski, Director; Santos Kreimann, Deputy Director

City Staff

Thomas Faughnan, Principal Deputy County Counsel; Beverly Moore, MdR Convention and Visitors Bureau; Deputy John Rochford from the Sheriff's Department

CALL TO ORDER, ACTION ON ABSENCES AND PLEDGE OF ALLEGIANCE

Chairman Searcy called the meeting to order at 9:47 a.m. The Commissioners, staff and members of the public stood and recited the Pledge of Allegiance.

APPROVAL OF MINUTES

Chairman Searcy opened the floor to public comments.

George Cook commented that the minutes should say there is no heat in the bathroom at Mariners Bay.

REGULAR REPORTS

Marina Sheriff – Crime Statistics

Lt. Kusch reported a robbery at knife point on November 5th at 4143 Via Marina. Lt. Kusch advised the public to be aware of their surroundings, and hand over property during a robbery to avoid being assaulted.

There has been an increase in motorcycle thefts. Locked up motorcycles are being stolen by being loaded onto trucks. Lt. Kusch asks the public to contact the Sheriff's Department if a vehicle containing motorcycles is observed.

The Sheriff's Department will be putting into service a 42 foot offshore patrol boat for the Santa Monica bay and the Harbor. The boat will be previewed in the December holiday boat parade.

Enforcement of Seaworthy & Liveboard Sections of the Harbor Ordinance

Deputy Rochford stated there are no significant changes. There is a small increase in the total reported liveboards.

Chairman Searcy opened the floor to public comments.

Mr. Nahhas wanted to know if the Sheriff's Department served or evicted any liveboards.

Marina del Rey and Beach Special Events

Dusty Crane gave the public an overview of the upcoming special events for the local beaches.

Marina del Rey Convention and Visitors Bureau

Ms. Beverly Moore, Director of Marina del Rey Convention and Visitor's Bureau, explained one of the roles of the visitor's bureau is to solicit meeting, group, and event business in the Marina. This is done by attending tradeshow, advertising, website promotions and direct mailing campaigns. The visitor's bureau publishes a newsletter that is sent out to over 3000 meeting planners in the Western United States.

Chairman Searcy opened the floor to public comments.

Ms. Nancy Marino commented on the closure of the Harbor House and Edie's Diner restaurants in the Marina. She asked why the restaurants were closed when the lease requires continuous occupancy until there is a permit to demolish, and what is the County doing to do to fill the restaurant vacancies. She asked the commission to ask for remedy and action, not reports. Ms. Marino wants enforcement of ongoing maintenance until the permits to teardown and rebuild are issued.

Mr. Kreimann gave an update on the lessee's efforts to reopen the restaurants. He stated the Department is negotiating an agreement with the lessee. The lessee is having a difficult time attracting an operator for such a short period of time, and has demonstrated to the Department they are diligently pursuing an operator for both facilities.

Chairman Searcy asked Mr. Kreimann what the lessee is paying the County for rent. Mr. Kreimann stated the lessee has paid minimum rent for the past three years, and the amount has been verified through audit.

Ms. Marino asked why there wasn't a 'for rent' sign on the property. Chairman Searcy replied in terms of commercial property, there may be a sign on the building, but a lessor usually has their broker make phone calls. Commissioner Lesser stated a vacant building is not in the best interests of the County or lessee.

OLD BUSINESS**Item 4 A: Proposed Letter to Board of Supervisors Regarding Boat Slip Rental Rate Increase**

Chairman Searcy explained the letter will contain a variety of issues about the Marina, with the boat slip rental rate increase as the proposed main point. Many comments were submitted to aid in composing the proposed letter to the Board of Supervisors. The proposed letter to the Board of Supervisors will be in the next meeting packet and the letter will not be final until the Commission has discussed and acted on it.

Chairman Searcy opened the floor to public comments.

Carla Andrus would like to see the slip price study that was completed in 2004 which the County paid for. Ms. Andrus believes there was a 2001 study as well. She will submit a public request for the report to the Department of Beaches and Harbors.

Mr. Faughnan explained there was a boat slip study in 2001 commissioned by the County, which was provided to the public in the past. There was an amendment to the 2001 study, commissioned by one of the lessees for use in negotiations with the County. The document is not subject to disclosure, because it is not a County document. It would only be subject to disclosure once negotiations have been concluded and a recommendation was made to the Board of Supervisors. Chairman Searcy asked if the negotiations had been concluded, and Mr. Faughnan replied no.

George Cook asked Mr. Searcy to include in the letter a request for an investigation of the slip rates by a third party.

Ina Barish read a letter with concerns about the amount of slips decreasing and price increases. She believes small craft boaters are being displaced.

Vice-Chairman Lesser followed up with Mr. Nahhas regarding the boat slip rate survey results presented at the last meeting. The survey showed Marina del Rey fees for slips less than 50 feet were 2.62% lower than the average in Southern California, while fees for slips greater than 50 feet were 13.59% higher than the average. Vice-Chairman Lesser asked Mr. Nahhas how could he be paying fair market rent if after a 50% price increase, his rent is still within the average. Referring to previous meeting minutes, Mr. Nahhas stated Mariners Bay had a 50% rent increase this year and a 3.5% increase every year since 2002. Vice-Chairman Lesser asked Mr. Nahhas when he moved into Mariners Bay. Mr. Nahhas replied 1999 or 2000, and he received increases every year since 2002. Vice-Chairman Lesser stated that was not correct. Based on available information, Vice-Chairman Lesser performed an analysis showing Mr. Nahhas moved into Mariners Bay on May 1, 2001, and did not receive an increase in years one through four. In the fifth year, there was an increase of \$18, no increase the next year, and the year in issue there was a 50% rent increase. Vice-Chairman Lesser felt the landlord should have increased rental fees yearly between 7% and 8%, due to rising costs, instead of no increase for four years, a small increase the following year followed by no increase, then the 50% rent increase. Vice-Chairman Lesser pointed out that even after the increase to \$545 per month, Mr. Nahhas was still paying 11% less than the average in Southern California, and before the increase, Mr. Nahhas was paying 40% less than the average in Southern California and 38% less than the average in Marina del Rey. Vice-Chairman Lesser also pointed out had the landlord raised Mr. Nahhas on a yearly basis, Mr. Nahhas would have paid \$5,000 more in slip fees.

Chairman Searcy thanked Mr. Lesser for his information. He stated at the prerogative of the Chair he will accept the information.

Mr. Nahhas stated the data was incorrect, and will submit his own data to the Commission. In addition, Mr. Nahhas stated he didn't have time to submit data, as stated at a prior meeting, that would refute the comparable price sheets. Chairman Searcy stated the task was simple; the Department submits slip data, Mr. Nahhas refutes the data and states additional data will be provided to the Commission. Chairman Searcy is not looking for a feasibility study from Mr. Nahhas, just copies of statements or receipts. Mr. Nahhas stated his intention was to provide qualitative data, and when the Commission looks at data from a certain source, it is inaccurate. Mr. Nahhas also made the following points:

- Online price sheets are about 30% higher than offline price sheets.
- He would like all the financial documents from Beaches and Harbors to calculate the ROI and determine if there is price gouging.

Chairman Searcy again reiterated if Mr. Nahhas needed more time to demonstrate the data the Commission received is flawed, Mr. Nahhas should take additional time to produce correct data.

Mr. Nahhas referenced a statement made by Vice-Chairman Lesser in the draft relating to Item 4 A, which states some people believe land that is owned by the County should pay less rent. However, Commissioner Landini's draft addresses the recovery model, which should be used. Boaters are subsidizing the \$32 million that is going downtown.

Chairman Searcy explained he will review all material submitted to him in formulating a draft letter to the Board of Supervisors for the Commission's consideration. Members of the public have made statements that boat slips and apartments are a public facility, and they should pay less. However, when lessees are involved, it is not a public facility; it is public property leased out by the County subject to a business transaction that the Board of Supervisors have to deal with, not the Commission.

Mr. Scott Ganary wrote a response to Vice-Chairman Lesser's draft letter. Mr. Ganary stated the marina ran out of boat slips, and landlords started raising slip rates to a high rate. The question is, did the rates go above or below market rate. Mr. Ganary is looking for an independent appraisal/audit of boat slip rates.

Mr. Kreimann stated the Department undertook the slip rate survey by being independent and just reporting the facts. The Department accurately reported what the rates were as reported to the Department. The methodology used was solid; there was no manipulation, just the facts. The Department is looking forward to receiving any information from any member of the public that will assist in reporting accurate information.

Chairman Searcy stated:

- the Department of Beaches and Harbors has a very difficult job.
- the Department of Beaches and Harbors is not a market analysis group.
- the survey could have considered other factors but it did not.
- the survey could have been done by someone who is perhaps more professional.
- the Board of Supervisors will be made aware of the issues.
- some people would rather chew on the issues instead of finding solutions.

Mr. Ron Hart stated he received a \$270 rent increase. He also believes the marina has lost its essence, since the number of boat slips is being cut back by 33%. This is due to developers building higher density projects and having to accommodate parking requirements. A project being constructed across from Mr. Hart has experienced a cutback from about 700 to 400 boat slips, probably due to parking. Mr. Hart asks if anything can be done to lessen the density and new construction projects so the boat owners will still have boat slips. It's a supply and demand situation where less slips will cause the price of remaining slips to increase. Mr. Hart referenced John Flynn, a member of the Ventura County Board of Supervisors, who is working with State Senator Kuehl to set forth a state bill of rights for boat renters.

Mr. Landini said there have been discussions with County Counsel regarding a Boaters Bill of Rights. According to Mr. Landini, County Counsel said there is a commercial relationship between a tenant and the slip owner. Mr. Landini wrote a memo as a draft to send to the County Board of Supervisors to request the exploration of initiating a Boaters Bill of Rights. The memo did not receive approval from the Commission. A sponsor is needed within the State of California, and once the Boaters Bill of Rights is put into statewide legislation, that will have an impact at Marina del Rey.

Mr. Kreimann stated that parking is just one element of any development plan. The Department takes preserving public parking very seriously and always has that in mind when negotiating lease agreements.

Mr. Darrell Steffey suggested the Board of Supervisors and the related County Departments can do a better job as steward of the marina, as public lands and as a public asset. The perception is that the marina has been turned over to a few select developers to maximize their gross rents and profits. Mr. Steffey gave an example of how apartment rent increased by 526% from 1979 to the present, and boat slip rent increased by 733% during the same period. Developers should have a fair rate of return on investment; probably 10%, 15% or 20%. Now, the policy of fair market value is false logic when it comes to public lands that private developers have the opportunity to develop.

Ms. Marino stated, in reference to the slip survey, that asking price and realized price is not necessarily the same thing. The data gathered is not the data needed to make a proper assessment. Returning to Ms. Andrus' comment on Policy 27, slips are not in plentiful supply in California or the country. If an intensive review is required, sufficient data will be compiled to determine if new prices charged by the lessee is within the range of prices for like facilities and services, and what is the quality or quantity of Marina del Rey services. Chairman Searcy asked for proof that some people pay different rates than stated in the slip survey. Ms. Marino responded that the people paying higher rates are afraid to come forward. Chairman Searcy stated that a receipt could be submitted with identifying information blocked out, and engaged in dialogue with Ms. Marino about market prices, long term leases, private developers and land use issues.

Commissioner Landini discussed different pricing models, dual operation of slips in the marina by current lessees, and County operation of boat slips as leases expire. Once the County manages boat slips, he would like to see them operated under the 'Return on Investment' model.

Mr. Rizzo talked about after Marina del Rey was completed, the land was bid out to be developed for boat slips and apartments so the County would get a fair return on the market value of the land. There was protection for the public to use the facilities in that the prices would be controlled by giving the boat slips and apartment operators a fair return on their investment. There were charges that Burton Chace was giving the leases to his friends, so a commission was formed to oversee the operation of the marina. There have been complaints from tenants and stories of corruption with non-enforcement of terms and conditions of leases. The public is being defrauded out of approximately \$150 million dollars a year, which goes to the lessees. Mr. Rizzo continued to discuss the response he received from the County.

David Levine, President of the Marina del Rey Lessees Association, read a letter which included slip rental fees in Marina del Rey were in the range of rates charged at other marinas in Southern California. In addition, the County taking over administration of boat slips was not a good idea, and discussed a public policy question of whether the County of Los Angeles should be in the business of devoting scarce public resources to building anchorages as opposed to other public facilities throughout Los Angeles County.

Mr. Donald Klein, President of the Coalition to Save the Marina, stated in reference to the slip survey, the core issue is not whether Marina del Rey is comparable to any other marina, but rather where the figures came from. What is the derivation of how the boat slip prices are determined? Also, the federal participation in the building of the marina required there be sufficient land area for proper functioning of the harbor. If the parking lots are removed, people will not be able to come to the harbor, which would be a violation of the federal agreement with the County of Los Angeles. In addition, lease extensions are illegal, since there is no provision in the lease for renegotiating the terms of length of the lease.

5. NEW BUSINESS

Item 5A: Approval of Negotiated Rent- Amendment 9 to Lease No. 6051- Parcel 65 (UCLA Boathouse) - Marina del Rey

This is a rental renegotiation amendment to the existing lease that requires rent be renegotiated after a 10 year period. The report, which will go to the Board of Supervisors, recommends the rent be adjusted to \$16,000 per year, effective March 1, 2007 through February of 2012. The rent will be readjusted again in 2012 if the CPI has experienced any increase. The new rent is an increase from the current rent of \$13,800 per year. The rent adjustment is based on an independent appraisal that verified the rates are within market.

Chairman Searcy opened the floor to public comments.

Mr. Nahhas asked what the percentage increase was based on. Mr. Kreimann responded the rate was based on an appraisal, not the Consumer Price Index (CPI). In March 2012, the CPI will be used to calculate another rent increase.

The Chair entertained motions. Move to approve (Delgado). Seconded. All in favor (Searcy). Aye (Group). Passed unanimously (Searcy).

Item 4 B: Dock Condition at Parcel 44

Mr. Kreimann stated Item 4B is in response to a request from the Commission at the October 2007 meeting to look into the condition of the Pier 44 docks as a result of public comments. The Department staff inspected the dock, looked at the deficiency reports, identified items that were completed and those still outstanding. The Department then contacted the lessee and inquired about the status of those repairs. The lessee was diligently trying to complete the improvements by working on the docks systematically and retaining a dock repair company to aid in such repairs. The Department has encouraged the lessee to proceed as quickly as possible in redeveloping the docks since they have outlived their useful life.

Chairman Searcy opened the floor to public comments.

Ms. Andrus stated Parcel 44 should have been found in default, and leases should come up for bid. Ms. Andrus also asked if Doug Ring was paying minimum rent.

Mr. Nahhas commented Parcel 44 has 261 deficiencies, and wants to know how slip fee increases are justified with a large number of deficiencies. In addition, why will the leaseholder of Parcel 44 be permitted to develop Fisherman's Wharf when there are many deficiencies with Parcel 44?

Mr. Landini inquired if the Parcel 44 corrections of deficiencies were moving along at an acceptable rate. Mr. Kreimann responded that sufficient manpower has been allocated to the problems. It is physically impossible to correct everything at one time. The Department never said the conditions of the docks were perfect, and certain areas are in disrepair. The Department is diligent in identifying deficiencies, so the lessees can assign the resources to complete the repairs.

Item 4 C: Request California Coastal Commission to Hold Its January 2008 Meeting in Marina del Rey.

Mr. Kreimann sent the letter signed by Chairman Searcy to the Coastal Commission, and also contacted them. The Coastal Commission is seriously considering holding the meeting in Marina del Rey. There will be other discussions with the Coastal Commission concerning logistical issues.

Chairman Searcy opened the floor to public comments.

Mr. Nahhas commented the reason a meeting wasn't held with the Coastal Commission was due to a delay by the County. Mr. Nahhas also commented that according to the State's Attorney's office, the confidential documents that go from Department of Beaches and Harbors to a review board like the

California Coastal Commission is inappropriate. Mr. Nahhas requested the confidential documents, and only received the initial sheet.

Ms. Andrus submitted one sheet of paper titled; Small Craft Harbor Commission, Meeting of March 19, 2003, Page 3.

Item 4 D: Chart on Slip Size by Parcel

Chairman Searcy stated the item was requested to be received and filed.

Chairman Searcy opened the floor to public comments.

Ms. Marino referenced the chart on slip size, and asked how many slips were occupied by yacht brokers, and a notation be made if the project is proposed for something different. Ms. Marino also requested the County to withdraw or place a hold on the application for the Holiday Harbor redevelopment, which is proposing a massive change in the proportion of boat slips.

Mr. Nahhas asked if the slip chart could be color coded and show the availability of slips, as well as the age of the docks.

Mr. Darrell Steffey stated the small boat owner can't afford the monthly slip fees, and is being priced out of the market. The fair market concept is bogus, return on investment for the County is the only logical way, and return on investment for the developers would be appropriate.

Mr. Wisniewski stated there will always be a substantial number of small slips remaining during the redevelopment process, since it is too costly to move the pilings. Many lessees are choosing to construct new slips that are the same size as they currently have.

Mr. Jun Yang stated he saw a copy of the permit for Holiday Harbor, and the 122 small slips will be replaced with six small slips.

Item 5 B: Request to Lessees to Report on Evictions of Liveaboard Tenants

Commissioner Searcy encouraged Marina del Rey lessees to submit a form to the Department whenever an Unlawful Detainer action is filed against a liveaboard tenant.

Mr. David Levine, President of the Marina del Rey Lessees Association, believes notifying the Department when an Unlawful Detainer is filed may not be permissible from the lessees' perspective, and will encourage his association's members to seek legal consultation.

Chairman Searcy recommended that County Counsel develop a format to request data from lessees regarding filing Unlawful Detainers without violating the confidentiality of any parties.

Chairman Searcy opened the floor to public comments.

Ms. Marino states it is the perception and the fear of retribution that prevent the boat tenants from coming forward. There needs to be a public policy that the dockmaster cannot arbitrarily evict a tenant.

Chairman Searcy stated the way to overcome the perception issue is to track the evictions.

Ms. Shawna Forbes, an attorney who represents Pacifica Corporation, wants to know who the leaseholder is on the Esprit I project. Mr. Wisniewski replied Doug Ring. Ms. Forbes asked how the Esprit project will be zoned with reference to the traffic pattern. Mr. Wisniewski stated entitlements have gone through the traffic studies and have been approved.

Mr. Nahhas commented that Item 5B should not be limited to liveaboards, but anyone who is evicted from a boat slip.

Item 6 A: Ongoing Activities

Mr. Wisniewski suggested due to the late hour, the report be received and filed. Mr. Wisniewski offered to answer any questions from the Commission and the public.

Mr. Wisniewski stated the Department intervened successfully in the case of a seriously ill boat slip tenant.

Mr. Nahhas commended the Department for intervening on behalf of the boat slip tenant.

Ms. Marino commented that parking lots FF and LLS are both public parking lots and the existing LCP states only a park or parking is allowed. The applicants for these projects are taking over the parcels, and will be using the parking lots to satisfy the parking requirements for their parcels.

Chairman Searcy opened the floor to public comments.

Robert Korbrin stated he owns a Corsair F31 boat. From 1998 to 2000, he was a tenant in mast up storage. He returned to the area and was told by the Department that F31 boats were not being accepted in mast up storage. Mr. Korbrin walked through mast up storage on the morning of the meeting, and identified 12 Corsairs, 3 of which were F31's. In addition, there were over one dozen empty spots, including the spot he occupied when he was a tenant. Mr. Kreimann stated he would look into the situation.

George Cook wants to purchase a larger boat, and can't find a slip. He stated Mariner's Bay wanted a new contract and would have to qualify with five times the slip fee and income.

Nancy Marino commented the Commission has been silent on her request for a motion for a moratorium on projects until the slip fee and land use issues are resolved. She would like this placed on the agenda for the next meeting. She discussed the procedures for amendments, public notice of meetings, and other items.

John Nahhas requested the Commission write a letter to the Board of Supervisors about everything that was reflected in the last six months, including slips that are slated for redevelopment. In addition, it should be determined how many evictions and Unlawful Detainers have been filed, incorporate the existence of a black market, policy 27, and the situation at Pier 44 into the board letter.

Ina Barish stated a comprehensive EIR that looks at all the proposed redevelopment in Marina del Rey might be one solution to ending a moratorium on new projects in Marina del Rey.

David Barish commented the County does not need to maximize revenue in every area of the marina. The projects in the marina only make sense for the County and lessees.

Darrell Steffey restated his earlier position that the Board of Supervisors and the related County organizations could do a better stewardship of the marina as public lands and as a public asset.

ADJOURNMENT

Chairman Searcy adjourned the meeting at 1:25 p.m.

Respectfully submitted by: Ron Frisch
on behalf of the Commission Secretary



To enrich lives through effective and caring service



Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

December 6, 2007

To: Small Craft Harbor Commission

From: Stan Wisniewski, Director **Stan**

Subject: **ITEM 4a – PROPOSED LETTER TO BOARD OF SUPERVISORS
REGARDING BOAT SLIP RENTAL RATE INCREASES**

During the October 2007 meeting, Chairman Searcy agreed to draft a letter for your Commission to send to the Board of Supervisors regarding boat slip rental rate increases in Marina del Rey. Your Commission received public comments at the November 14, 2007 meeting. Chairman Searcy used the input from the public comments and other submitted materials to formulate the following letter for discussion.

DRAFT

EXHIBIT

December 12, 2007

TO: Each Supervisor

FROM: Harley A. Searcy, Chairman
Small Craft Harbor Commission
Marina del Rey

SUBJECT: **MARINA DEL REY COMMUNITY CONCERNS OVER BOAT SLIP RATE INCREASES AND MAINTENANCE OF BOATER-RELATED FACILITIES**

For the past several months, the Small Craft Harbor Commission (SCHC) has heard considerable public testimony from a number of seriously concerned and indignant boat slip tenants, other boat owners and concerned County residents regarding the trends of recent boat slip rental rate increases and the conditions of some boater-related facilities on private leaseholds. Testimony has been given from outraged tenants fearful that low-cost recreational small craft boating is in danger of disappearing from Marina del Rey.

This testimony and public input, while providing an opportunity for the public to be heard and present evidence, has disclosed that many local Marina del Rey boaters strongly feel the concept of "fair market price/rates" the County of Los Angeles allows Lessees to charge is a flawed concept that must be re-examined in light of the real marketplace. Repeatedly, members of the public raised the issue of "fair return on investment" versus "fair market price/rates". A statement by Michigan State University professor Dr. Ed Mahoney, Co-Director of the Recreational Marine Research Center, was read into the record which stated his opinion that there is no way to calculate a fair market price when it comes to marina slip pricing and that often it is simply the estimate of "willingness to pay" made by marina operators.

The Mariners Bay (Parcel 28) Lessee's recent implementation of up to 50% increases in its boat slip rates has upset many boaters and served as an example and focal point for organized protests at recent SCHC meetings. While a 50% one time increase is onerous, one slip tenant's rental history shows his rent has increased an average of 7.8% per year since he began his occupancy of the slip and his new rent is still 11% less than the average slip rent in Southern California.

Extremely upset members of the public repeatedly took issue with County rent surveys that they feel do not appropriately differentiate dock conditions, amenities provided, and

public vs. for-profit facilities. The Mariners Bay and Pier 44 (Parcel 44) leaseholds were presented by members of the public as examples of price gouging and deficient boat facilities. Community members have requested independent audits of slip fees and practices.

Although this Commission is sympathetic to these concerns, it is noteworthy that the issue of whether Lessees should be permitted to charge rates that yield either a "fair return on investment" or "fair market price/rates" is a policy determination made by the Board of Supervisors. Currently, the County policy determination is that Lessees are permitted to charge "fair market price/rates", and return on investment will only be considered where it is determined that prices are over-market. In this regard, the Department of Beaches and Harbors routinely conducts a survey of slip rental rates comparing the prevailing rates in Marina del Rey with other marinas located within 60 miles of Marina del Rey. In a current survey, based on the concept of "fair market price/rates", these comparisons did not find any incidences of price gouging in Marina del Rey, and no further analysis of return on investment was determined to be necessary. A copy of the most recent survey is attached.

It has been requested by members of the public that the Board of Supervisors re-examine its policy on pricing in Marina del Rey. SCHC Commissioner Al Landini proposed having the County consider assuming control of the privately-owned docks in the Marina and having some of the boat slips in Marina del Rey treated to some lesser standard than maximizing rents under the fair market model. Commissioner Russ Lesser disagreed, believing that whether building new slips or operating old slips, it would cost the County more than it does a private lessee. Moreover, Commissioner Lesser felt that unless County policy is changed, Lessees in Marina del Rey should be encouraged to keep slip rental rates comparable to other marinas.

Regarding the condition of boater facilities, the Commission is ensuring that the Department of Beaches and Harbors reviews all maintenance complaints. Significant new staffing attention has been dedicated to enforcing leasehold premises maintenance since the beginning of 2007. While conditions still need to improve, Lessees have responded positively with improved maintenance, which the Department expects will continue. Additionally, newly negotiated leases contain a provision allowing the County to assess liquidated damages of \$100 per item per day for deficiencies that are not cured within the prescribed time for repair.

The subject of Marina del Rey boat slip rental rates was agendized for public discussion at our meetings of July 11, August 8, October 11, and November 14, 2007. Thirty-two different individuals spoke on this agenda item at one or more of these meetings, in

Each Supervisor
December 12, 2007
Page 3

opposition to current Board policy regarding slip rental rates. Some but not all of these speakers are among the approximately 4,560 slip tenants here in Marina del Rey.

While we understand the desire for cheaper slip rents, we have determined that Marina del Rey slip rates are well within the range of rates at other Southern California harbors. The Department of Beaches and Harbors continues to monitor the slip rental market and unless the Board wishes to adopt a County subsidized slip rental program, which we do not recommend, there is no reasonable basis for recommending any change to current policy of the Board of Supervisors.

c: Chief Executive Officer
County Counsel
Attachment

Survey of Slip Rental Rates in Marina del Rey - September 2007

SLIP SIZE

Parcel #	ANCHORAGE	25'		30'		35'		40'		45'		50'	
		Rent	\$/Foot	Rent	\$/Foot	Rent	\$/Foot	Rent	\$/Foot	Rent	\$/Foot	Rent	\$/Foot
15	Ber Harbor Marina	\$284	\$11.75	\$383	\$12.75	\$516	\$14.75	\$660	\$16.50	\$878	\$19.50	\$938	\$18.75
8	Bay Club Apts Marina			\$380	\$12.65	\$495	\$14.14	\$638	\$15.95	\$765	\$16.99		
132	California Yacht Club	\$288	\$11.45	\$419	\$13.95	\$804	\$17.25	\$798	\$19.95	\$898	\$19.95	\$1,083	\$21.66
41	Catalina Yacht	\$200	\$8.00	\$300	\$10.00	\$368	\$10.50						
30	Del Rey Club			\$225	\$7.51	\$322	\$9.21	\$382	\$9.55	\$444	\$9.87	\$509	\$10.18
18	Dolphin Marina	\$319	\$12.76	\$425	\$14.17	\$528	\$15.03	\$690	\$17.25	\$833	\$18.51	\$1,080	\$21.60
21	Holiday Harbor Marina	\$318	\$12.76	\$425	\$14.17	\$528	\$15.03	\$690	\$17.25	\$833	\$18.51	\$1,080	\$21.60
1251	Marina City Slips	\$355	\$14.20	\$435	\$14.50	\$555	\$15.86	\$715	\$17.88	\$845	\$18.78		
42/43	Marina del Rey Hotel	\$341	\$13.64	\$445	\$14.83	\$592	\$16.91	\$770	\$19.25	\$905	\$20.11	\$1,177	\$23.54
111	Marina Harbor P111	\$287.50	\$11.50	\$450	\$15.00	\$525	\$15.00	\$800	\$20.00	\$900	\$20.00	\$1,150	\$23.00
112	Marina Harbor P112	\$287.50	\$11.50	\$450	\$15.00	\$525	\$15.00	\$800	\$20.00	\$900	\$20.00	\$1,150	\$23.00
28	Mariners Bay			\$425	\$14.17	\$575	\$16.43	\$760	\$18.75			\$1,000	\$20.00
10	Neptune Marina	\$282.50	\$10.50	\$345	\$11.50			\$500	\$12.50				
20	Panay Way Marina	\$319	\$12.76	\$425	\$14.17	\$526	\$15.03	\$680	\$17.25	\$833	\$18.51	\$1,080	\$21.60
44	Pier 44	\$425	\$17.00	\$640	\$16.00	\$865	\$19.00			\$900	\$20.00		
7	Tahiti Marina	\$310	\$12.40	\$400	\$13.33			\$720	\$18.00				
53	The Boat Yard	\$313	\$12.50	\$450	\$15.00	\$612.50	\$17.50	\$760	\$19.00			\$1,150	\$23.00
13	Villa Del Mar Marina			\$468	\$15.80	\$613	\$17.50	\$700	\$17.50	\$907	\$20.15	\$1,008	\$20.15
47	Windjammers Yacht	\$281	\$11.24	\$329	\$10.97	\$437	\$12.49	\$578	\$14.45				
54	Windward Yacht Club	\$295	\$11.80	\$425	\$14.16	\$498	\$14.16	\$660	\$16.51	\$743	\$16.51		
	HIGH	\$425.00	\$17.00	\$540.00	\$18.00	\$665.00	\$19.00	\$800.00	\$20.00	\$905.75	\$20.15	\$1,177.00	\$23.54
	AVERAGE	\$305.88	\$12.24	\$407.13	\$13.57	\$526.53	\$15.04	\$683.41	\$17.09	\$827.33	\$18.39	\$1,033.63	\$20.67
	LOW	\$200.00	\$8.00	\$225.30	\$7.51	\$322.35	\$9.21	\$382.00	\$9.55	\$444.15	\$9.87	\$509.00	\$10.18

Note 1

Parcel 30, Del Rey Yacht Club charges its members a below market rate, however, County rent is based on a higher imputed gross receipt designed to replicate the market rate.

Survey of Slip Rental Rates of Other Harbors in Southern California - September 2007

SLIP SIZE

#	ANCHORAGE	City	25'		30'		35'		40'		45'		50'	
			Rent	\$/Foot	Rent	\$/Foot	Rent	\$/Foot	Rent	\$/Foot	Rent	\$/Foot	Rent	\$/Foot
1	Anacapa Isle Marina	Channel Islands	\$337.00	\$13.48	\$439.00	\$14.63	\$584.00	\$16.11	\$696.00	\$17.40	\$818.00	\$18.18	\$943.00	\$18.88
2	Harbor Marina	Channel Islands			\$381.00	\$12.70			\$609.00	\$15.23				
3	Dana West Marina	Dana Point	\$336.00	\$13.44	\$487.00	\$16.23	\$602.00	\$17.20	\$704.00	\$17.60	\$807.00	\$17.93	\$929.00	\$18.58
4	Dana Point Marina	Dana Point	\$336.00	\$13.44	\$487.00	\$16.23	\$602.00	\$17.20	\$704.00	\$17.60	\$807.00	\$17.93	\$929.00	\$18.58
5	Peter's Landing	Huntington Beach	\$312.50	\$12.50	\$375.00	\$12.50	\$437.50	\$12.50	\$620.00	\$15.50	\$697.50	\$15.50	\$925.00	\$18.50
6	Sunset Aquatic Marina	Huntington Beach	\$364.00	\$14.56	\$482.00	\$15.40	\$606.00	\$17.37	\$688.00	\$17.20	\$864.00	\$19.20	\$964.00	\$19.08
7	Cerritos Yacht Anchorage	LA/LB Harbor	\$250.00	\$10.00	\$300.00	\$10.00	\$350.00	\$10.00	\$400.00	\$10.00	\$450.00	\$10.00	\$500.00	\$10.00
8	Holiday Harbor-Wilmington	LA/LB Harbor	\$212.50	\$8.50	\$277.50	\$9.25	\$367.50	\$10.50	\$440.00	\$11.00				
9	Pacific Yacht Landing	LA/LB Harbor	\$200.00	\$8.00	\$285.00	\$9.50	\$332.50	\$9.50	\$400.00	\$10.00	\$460.00	\$10.00	\$575.00	\$11.50
10	Island Yacht Anchorage	LA/LB Harbor	\$300.00	\$12.00			\$420.00	\$12.00	\$480.00	\$12.00	\$540.00	\$12.00	\$600.00	\$12.00
11	San Pedro Marina	LA/LB Harbor	\$250.00	\$10.00	\$300.00	\$10.00	\$350.00	\$10.00	\$400.00	\$10.00	\$450.00	\$10.00	\$500.00	\$10.00
12	Alamitos Bay Marina	Long Beach	\$248.75	\$9.95	\$328.50	\$10.95	\$423.50	\$12.10	\$484.00	\$12.10	\$598.50	\$13.30	\$725.00	\$14.50
13	Lido Yacht Anchorage	Newport Beach	\$443.75	\$17.75	\$592.50	\$19.75	\$798.25	\$22.75	\$1,010.00	\$26.25			\$1,325.00	\$26.50
14	Balboa Marina	Newport Beach	\$527.00	\$21.08	\$730.00	\$24.33	\$858.00	\$24.51	\$1,184.00	\$29.60	\$1,378.00	\$30.62	\$1,657.00	\$33.14
15	Bayside Marina	Newport Beach			\$922.00	\$30.73	\$1,075.00	\$30.71			\$1,741.00	\$38.69		
16	Villa Cove Marina	Newport Beach			\$788.00	\$28.30					\$1,547.00	\$34.38		
17	Channel Islands Harbor	Oxnard	\$301.00	\$12.04	\$381.00	\$12.70	\$493.00	\$14.09	\$609.00	\$15.23	\$709.00	\$15.76	\$854.00	\$17.08
18	Peninsula Yacht Marina	Oxnard	\$280.00	\$11.20	\$365.00	\$12.17	\$468.00	\$13.37					\$783.00	\$15.66
19	Bahia Marina	Oxnard					\$530.00	\$15.14	\$654.00	\$18.35	\$789.00	\$17.09	\$886.00	\$17.72
20	Redondo Beach Marina	Redondo Beach			\$345.00	\$11.50								
21	Port Royal Marina	Redondo Beach	\$291.25	\$11.65	\$403.50	\$13.45	\$542.50	\$15.50	\$640.00	\$16.00	\$814.50	\$18.10	\$905.00	\$18.10
22	Swales Anchorage	Newport Bay			\$510.00	\$17.00			\$720.00	\$18.00	\$900.00	\$20.00		
23	King Harbor Marina	King Harbor	\$284.00	\$10.58	\$338.00	\$11.27			\$582.00	\$14.55	\$752.00	\$16.71		
24	Bayside Village Marina	Newport Beach	\$506.25	\$20.25	\$740.00	\$24.67	\$857.50	\$24.50	\$1,256.00	\$31.38	\$1,408.25	\$31.25	\$1,595.00	\$31.90
25	Cabrillo Marina	San Pedro	\$271.25	\$10.85	\$356.40	\$11.88	\$497.00	\$14.20	\$568.00	\$14.20	\$720.45	\$16.01	\$800.50	\$16.01
26	Ventura Isle Marina	Ventura	\$286.00	\$11.44	\$373.00	\$12.43	\$480.00	\$13.71	\$593.00	\$14.83	\$695.00	\$15.44	\$801.00	\$16.02
27	Ventura West Marina	Ventura			\$354.00	\$11.80	\$427.00	\$12.20	\$504.00	\$12.60	\$585.00	\$13.00	\$670.00	\$13.40
HIGH			\$527.00	\$21.08	\$922.00	\$30.73	\$1,075.00	\$30.71	\$1,255.00	\$31.38	\$1,741.00	\$38.69	\$1,657.00	\$33.14
AVERAGE			\$316.86	\$12.63	\$452.86	\$15.10	\$549.15	\$15.69	\$649.74	\$16.24	\$840.87	\$18.69	\$892.83	\$17.86
LOW			\$200.00	\$8.00	\$277.50	\$9.25	\$332.50	\$9.50	\$400.00	\$10.00	\$450.00	\$10.00	\$500.00	\$10.00



To enrich lives through effective and caring service



Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

December 6, 2007

TO: Small Craft Harbor Commission

FROM: Stan Wisniewski, Director **Stan**

SUBJECT: **ITEM 5a – APPROVAL OF RENEWAL OF OPTION TO AMEND LEASE AGREEMENT - LEASE NO. 6573 PARCEL 27R (JAMAICA BAY INN) – MARINA DEL REY**

Item 5a on your agenda pertains to an amendment to the Option to Amend Lease No, 6573 in order to facilitate development of an expanded Jamaica Bay Inn.

Attached is a copy of the Board letter that explains the details of the proposed recommendation. The exhibit to the Board letter is a copy of amendment to the option being recommended.

Your Commission's endorsement of Chief Executive Officer's recommendation to the Board of Supervisors as contained in the attached letter is requested.

SW:gb
Attachment

January 8, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**DEPARTMENT OF BEACHES AND HARBORS:
RENEWAL OF OPTION TO AMEND LEASE NO. 6573
PARCEL 27R (JAMAICA BAY INN) - MARINA DEL REY
(FOURTH DISTRICT)
(4 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the Renewal of the Option to Amend Lease No. 6573 with respect to Parcel 27R (Jamaica Bay Inn), attached as Exhibit A, is categorically exempt under the California Environmental Quality Act pursuant to classes 1 (r) and 4 (j) of the County's Environmental Document Reporting Procedures and Guidelines.
2. Authorize the Chair to execute the Renewal of Option to Amend Lease No. 6573 reflecting an additional six-month extension of the Option expiration to May 31, 2008, and giving the Director of the Department of Beaches and Harbors the right to grant one or more additional extensions to not later than November 30, 2008 if Lessee is still unable to obtain the necessary entitlements and can demonstrate it has diligently pursued those approvals.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County is the lessor of a ground lease for Parcel 27R, which was originally entered into for a term of 60 years. Your Board previously, on May 30, 2006, approved the Option to Amend Lease No. 6573 ("Option") to facilitate redevelopment and expansion of the Jamaica Bay Inn on Parcel 27R, along with an Amended and Restated Lease

Agreement ("Restated Lease") providing for a 39-year lease extension; payment of a \$450,000 lease extension fee; complete renovation of the existing 42-room Jamaica Bay Inn, including room interiors, building facades, interior and exterior common areas, landscaping and hardscape; the addition of 69 new rooms, a business center, and meeting rooms; and a requirement that the Lessee contribute to a common fund established to provide for the cost of constructing new public amenities at Marina Beach on the adjacent non-leased portion of Marina Beach, with Lessee responsible for 25% of the total projected cost of such public facilities. Total development cost to be expended by Lessee is to be not less than \$10.5 million.

The Option had an expiration date of May 30, 2007, but allowed for an extension to the Option for up to six additional months upon approval by the Director of the Department of Beaches and Harbors ("Director"), which the Director granted. During the entitlement process, Lessee has worked diligently to obtain the necessary entitlements to permit the exercise of the Option but has encountered numerous delays in processing the entitlement application that were not in its control. Due to these delays, although the Option expired on November 30, 2007, we are recommending the Board's approval of the requested Renewal of Option to Amend Lease No. 6573 ("Renewal") so as to allow for completion of the entitlement process. Approval of the Renewal will allow for faster completion of the project and greater benefit to the County than a delay to construction of the project that would otherwise result if the County instead had to renegotiate a new option agreement with the Lessee.

The Regional Planning Commission approved the Coastal Development Permit ("CDP") and Conditional Use Permit ("CUP") for the project on August 15, 2007, and the final appeal period ended November 24, 2007 with no appeals. Lessee has calculated that it will complete the required design and engineering work in January 2008 and will achieve final Design Control Board approval and building permits by April 2008. The attached Renewal will extend the time within which the Option must be exercised by Lessee by six months to May 31, 2008. If Lessee is unable to obtain all necessary approvals within the six-month extension period, the proposed Renewal will authorize the Director to grant one or more additional extensions to not later than November 30, 2008, if Lessee can demonstrate it has diligently pursued those approvals.

Implementation of Strategic Plan Goals

The recommended action will allow the lessee to proactively redevelop its leasehold improvements, which will result in fulfillment of approved Strategic Plan Goal Nos. 1 and 4, "Service Excellence" and "Fiscal Responsibility", respectively.

FISCAL IMPACT/FINANCING

There is no fiscal impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The term of the lease for Parcel 27R commenced on January 1, 1963 and expires on December 31, 2022. If the Option is exercised and the lease extended pursuant to the Restated Lease, the term will expire on December 31, 2061.

County Counsel has approved the Renewal as to form. The Small Craft Harbor Commission will consider the recommendation that your Board approve the attached Renewal at its December 12, 2007 meeting, and we will advise you of the Commission's action prior to your consideration of the Renewal.

ENVIRONMENTAL DOCUMENTATION

Approval of the Renewal is categorically exempt under the California Environmental Quality Act pursuant to classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines. Approval of the Renewal does not authorize construction or reconstruction of any improvements on the parcel. On August 15, 2007, the Regional Planning Commission considered and adopted a negative declaration for the proposed redevelopment/replacement project contemplated by the Restated Lease prior to approving the CDP and CUP for the project.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on other current services or projects.

CONCLUSION

Please authorize the Executive Officer of the Board to send two copies of the executed Renewal to the Department of Beaches and Harbors.

Respectfully submitted,

William T Fujioka
Chief Executive Officer

WTF:SW:SK:GB:ks

Attachments (1)

c: County Counsel
Department of Beaches and Harbors

**RENEWAL OF OPTION
TO AMEND LEASE AGREEMENT
(Parcel 27R)**

THIS RENEWAL OF THE OPTION TO AMEND LEASE AGREEMENT ("**Renewal**") is made as of January __, 2008 between COUNTY OF LOS ANGELES ("**County**") and MARINA DEL REY INNVESTORS, a California limited partnership ("**Lessee**").

RECITALS

A. County and Spencer Investment Group, a California corporation (the "**Original Lessee**"), entered into Lease No. 6573 dated February 11, 1963, as amended (the "**Existing Lease**"), regarding the lease from County of certain real property in the Marina del Rey Small Craft Harbor now commonly known as Parcel No. 27R, as more particularly described in the Existing Lease (the "**Premises**").

B. Lessee has succeeded to the Original Lessee's right, title and interest as lessee under the Existing Lease.

C. County and Lessee entered into that certain Option to Amend Lease Agreement made as of May 30, 2006 (the "**Agreement**"), pursuant to which County granted Lessee the right to extend the term of the Existing Lease through December 31, 2061 on the terms and conditions set forth in the Agreement (the "**Option**").

D. According to the terms of the Agreement, the latest date for the exercise of the Option (referenced in the Agreement as the "Outside Expiration Date") was May 30, 2007.

E. Pursuant to Director's authority under Section 6.1 of the Agreement, Director has previously extended the Outside Expiration Date to November 30, 2007.

F. County and Lessee desire to renew the Option by providing for the further extension of the Outside Expiration Date in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, Lessee and County hereby agree as follows:

1. Capitalized Terms. All capitalized terms used in this Renewal and not otherwise defined herein shall have the meanings given such terms in the Agreement.

2. Renewal of Option. The Option contained in the Agreement is hereby renewed upon the same terms and conditions set forth in the Agreement, which is incorporated in this Renewal as though fully set forth herein, except that Sections 2 and 6.1 of the Agreement are modified as set forth in Sections 3 and 4 of this Renewal.

3. Further Extension of Outside Expiration Date. Section 2 of the Agreement is hereby deleted in its entirety and replaced with the following:

“2. Option Term. The term of the Option (the “**Option Term**”) shall commence on the date of the Agreement and expire on that date (the “**Option Expiration Date**”) which is the earlier of (i) forty-five (45) days following the date of the satisfaction of the Entitlement Conditions (as defined in Section 3 of the Agreement), or (ii) May 31, 2008 (the date set forth in this clause (ii) is referred to as the “**Outside Expiration Date**”).”

4. Further Delays in Receipt of Entitlements. County desires to grant Director the authority to further extend the Outside Expiration Date in accordance with the terms and provisions of Section 6.1 of the Agreement, as such Section 6.1 is hereby deleted in its entirety and replaced with the following:

“6.1 Delay in Receipt of Entitlements. If Lessee, despite its best efforts, is unable to cause the Entitlement Receipt Date to occur on or before May 31, 2008 as a result of continued delays beyond normal entitlement processing periods in the processing by the applicable governmental authorities of Lessee’s applications for the Entitlements (an “**Extraordinary Governmental Delay**”), then as long as Lessee has on a continuous basis diligently pursued receipt of the Entitlements, Director may, in the exercise of his reasonable discretion, grant Lessee one or more further extensions of the Outside Expiration Date. Any such extension shall be limited to the period of the Extraordinary Governmental Delay and in no event shall such extensions, in the aggregate, extend beyond November 30, 2008. If Director shall determine not to grant Lessee an extension as provided above, then Lessee shall have the right, within thirty (30) days following Director’s denial, to submit a written request to the Board of Supervisors of County to reconsider such denial by the Director.”

Any extension of the Outside Expiration Date beyond May 31, 2008 pursuant to Section 6.1 of the Agreement, as modified above, shall be subject to the terms, conditions and limitations set forth in Section 6.3 of the Agreement.

5. No Other Modifications. This Renewal incorporates all other terms and conditions of the Agreement, which shall continue in full force and effect.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the undersigned have executed this Renewal as of the date first written above.

LESSEE:

MARINA DEL REY INNVESTORS, a California
limited partnership

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

COUNTY:

THE COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

ATTEST:

APPROVED AS TO FORM:

SACHI A. HAMAI, Executive
Officer of the Board of Supervisors

RAYMOND G. FORTNER, JR.,
County Counsel

By: _____
Deputy

By: _____
Deputy

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By: _____



To enrich lives through effective and caring service



Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

December 6, 2007

TO: Small Craft Harbor Commission

FROM: Stan Wisniewski, Director **Stan**

SUBJECT: ITEM 5b - APPROVAL OF OPTION FOR LEASE AND LEASE TO FACILITATE REDEVELOPMENT – PARCEL OT (PARKING LOT) (FUTURE PARCEL 147) - MARINA DEL REY

Item 5b on your agenda pertains to an option to lease Parcel OT (parking lot) (Future Parcel 147), in order to facilitate development of a seniors-only retirement residence with 5,000 square feet of retail space.

Attached is a copy of the Board letter that explains the details of the proposed transaction. The exhibits to the Board letter include a copy of the proposed Option for Lease and a copy of the proposed Lease.

Your Commission's endorsement of the Chief Executive Officer's recommendation to the Board of Supervisors as contained in the attached letter is requested.

SW:gb
Attachment

January 15, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**DEPARTMENT OF BEACHES AND HARBORS: APPROVAL OF OPTION FOR
LEASE AND LEASE TO FACILITATE REDEVELOPMENT –
PARCEL OT (PARKING LOT) (FUTURE PARCEL 147) - MARINA DEL REY
(4th DISTRICT)
(4 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed Option for Lease Agreement, attached as Exhibit A, is categorically exempt under the California Environmental Quality Act pursuant to classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines.
2. Approve and authorize the Chair of the Board to sign the attached Option for Lease Agreement granting to MDR Oceana, LLC, a California limited partnership, upon fulfillment of stated conditions, the right to lease Parcel OT (Future Parcel 147) for 60 years.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Your Board previously authorized the Department of Beaches and Harbors ("Department") to release the Request for Proposals of Hotel/Motel, Restaurant, Retail and/or Other Uses on County Parcels GR, IR, NR, OT, AL-1, K-6 and LLS ("RFP"), which sought competitive proposals for the use of available additional entitlements that would both enable development and allow for the concurrent evaluation of multiple proposals for such development in order to determine the proposal(s) that best maximize the County's benefit from those entitlements. The proposed Option for Lease Agreement ("Option") for Parcel OT with the proposed lessee, MDR Oceana, LLC ("Lessee"), is the result of negotiations arising out of that RFP process. The attached Option would allow the Lessee to exercise its option and receive the benefits of the Lease ("Lease") attached as Exhibit B, upon demonstration that it has satisfied all of the conditions for exercise contained in the Option and has received all planning, zoning, environmental and other entitlement approvals required to be obtained from

governmental authorities for the construction of the redevelopment project. The Option must be exercised concurrently with another option with Lessee's affiliate for Parcel 21 (Holiday Harbor) and only after entitlements for each project are received.

The Lease provides for a 60-year term; development and construction of a new 5-story, 114-unit seniors-only retirement facility with 5,000 square feet of retail space; establishment of a Capital Improvement Fund to be funded by amounts equal to .5% of gross revenues derived from the leasehold for years 4 and 5 of the lease term, .75% of gross revenues from the leasehold for years 6 through 10 of operations and 1.0% of gross revenues thereafter; establishment of a Renovation Fund to be funded by an amount equal to .75% of annual gross revenues that must be fully expended to physically reposition the project to then current market requirements not earlier than 12 months before and not later than 12 months after the 30th year prior to the expiration date of the Lease; establishment of a furniture, fixtures and equipment fund upon the completion of development equal to .75% of annual gross revenues; establishment of minimum and percentage rents; County participation in leasehold sale and/or refinance; "baseball-type" arbitration procedures; County right to recapture the leasehold if the Lessee pursues its sale; establishment of a sinking fund to remove leasehold improvements at lease termination; liquidated damages of \$100 per day (adjusted for inflation) for each cited maintenance deficiency that remains uncured after the specified cure period; and other miscellaneous improvements to the lease (e.g., payment of late fees and interest on overdue County payments and enhanced audit and record-keeping standards). Additionally, before it may exercise its option, Lessee must satisfy: (a) the conditions pertaining to the replacement parking for Parcel OT; and (b) all conditions to the exercise of the Parcel 21 option. Once Lessee has obtained all necessary project entitlements and has fulfilled all other requirements entitling it to exercise the Option, and has, in fact, exercised the Option, and the Parcel 21 lessee has exercised its option on Parcel 21, we will return to your Board for execution of the Lease in substantially the form attached.

The Department has obtained an appraisal that concludes the return to the County from granting the Lease for Parcel OT is equivalent to, or greater than, fair market value.

Implementation of Strategic Plan Goals

In furtherance of County Goals #1 and #4, "Service Excellence" and "Fiscal Responsibility", respectively, the recommended action will allow the Department to implement that portion of its Strategic Plan that enhances strategic partnerships with existing and prospective lessees through proactive implementation of the Marina del Rey Asset Management Strategy toward enhancing public access to and enjoyment of the Marina through property redevelopment and modernized lease provisions.

The following chart details the proposed terms of the 60-year Lease as they relate to your Board's existing lease extension policy:

BOARD POLICY ITEM	TERMS																
DEVELOPMENT Development of new improvements	<ul style="list-style-type: none">Mixed-Use Senior Facility: Develop and operate a 5-story, 114-unit seniors-only retirement facility, consisting of 47 two-bedroom and 67 one-bedroom units; with 5,000 square feet of retail space on the ground floor and structured parking for 154 cars, to accommodate 62 cars required by the project uses plus 92 replacement public parking spaces. In addition, 94 replacement public parking spaces will be provided off-site on Parcel 21. In total, Lessee will provide 248 parking spaces, as summarized in the table below.<table><tr><th>Parking Summary</th><th>On-Site</th><th>Off-Site</th><th>Project Total</th></tr><tr><td>Project Uses</td><td>62</td><td>0</td><td>62</td></tr><tr><td>Replacement Parking</td><td>92</td><td>94</td><td>186</td></tr><tr><td>Total Spaces</td><td>154</td><td>94</td><td>248</td></tr></table> <p>Lessee will not be permitted to obtain a Certificate of Occupancy on Parcel OT until the replacement parking required by the County and the Coastal Commission has been completed. Parking rates for the replacement public parking are subject to County and Coastal Commission approval. The on-site replacement public parking shall be made available as overflow parking for the charter vessel operation at Parcel 125.</p> <ul style="list-style-type: none">Parcel Size Adjustment: The leasehold shall consist of current Parcel OT plus such additional area on the northeasterly side of current Parcel OT as required (1) to satisfy the minimum required setback on the adjusted parcel and (2) to construct a public open space on the adjusted parcel, including, at a minimum, the provision of an ADA-compliant publicly accessible pedestrian walkway linking Admiralty Way and Washington Boulevard. If any area outside the parcel area is disturbed during construction, Lessee shall restore the disturbed area to the satisfaction of the County. Lessee to provide a legal description for County approval prior to lease execution.Development Budget: Total development cost budget: \$29 million (in 2005 dollars).Construction Schedule: Construction to be completed within 30 months from lease extension, subject to Force Majeure, not to exceed 2 years.	Parking Summary	On-Site	Off-Site	Project Total	Project Uses	62	0	62	Replacement Parking	92	94	186	Total Spaces	154	94	248
Parking Summary	On-Site	Off-Site	Project Total														
Project Uses	62	0	62														
Replacement Parking	92	94	186														
Total Spaces	154	94	248														

BOARD POLICY ITEM	TERMS
DEVELOPMENT (continued)	<ul style="list-style-type: none"> • Capital Improvement Fund: A Capital Improvement Fund to be funded annually by Lessee will be maintained during the term of the lease according to the following schedule: Years 1-3: none Years 4-5: 0.50% of gross revenue Years 6-10: 0.75% of gross revenue Years 11+: 1.00% of gross revenue The Capital Improvement Fund must be fully expended for Permitted Capital Expenditures by 10 years prior to the expiration date of the lease. All Permitted Capital Expenditures are subject to prior approval by the Director of Beaches and Harbors ("Director"), not to be unreasonably withheld. • FF&E Fund: A Furniture, Fixtures and Equipment Fund to be funded annually by Lessee equal to 0.75% of gross revenue will be maintained during the term of the lease. • Renovation Fund: A Renovation Fund to be funded annually by Lessee equal to 0.75% of gross revenue will be maintained during the term of the lease. The Renovation Fund may be maintained in the form of a letter of credit. The Renovation Fund must be fully expended to physically reposition the project to then current market requirements not earlier than 12 months before and not later than 12 months after the 30th year prior to the expiration date of the lease. Thereafter, no Renovation Fund shall be required. Lessee and Director to agree on a renovation plan and budget.
LEASE TERM	<ul style="list-style-type: none"> • Option for a 60-year lease for Parcel OT.
EXTENSION FEE Fee equal to or commensurate with value of the extension	<ul style="list-style-type: none"> • Not applicable (new ground lease). • Option Fee of \$100,000, payable immediately upon Board approval of Option. Option Fee payment is non-refundable if Option is not exercised.

BOARD POLICY ITEM	TERMS
MARKET RATE RENTS Ensure fair market rents	<ul style="list-style-type: none"> • Minimum annual rent of \$75,000 per year commences upon exercise of Option and continues through completion of construction. • Minimum annual rent for the first year following completion of construction shall be \$140,000. Minimum annual rent for the second and third years following completion of construction shall be \$310,000. • Commencing with the 4th year after completion, and every 3 years thereafter, minimum annual rent reset to 75% of the previous 3 years' average total rent paid to County. • Percentage rents: 20% - Parking – Commissions 5% - Parking – Lessee Operated 20% - Dry Storage All other revenue: 6.75% of the first \$8 million of gross revenue; 7.25% of gross revenue over \$8 million. • Percentage and minimum rents are subject to renegotiation to fair market rent 10 years after completion of construction and every 10 years thereafter.
PARTICIPATION IN SALE AND REFINANCE Secure County participation in sale and refinance of leasehold	<ul style="list-style-type: none"> • Sale Participation: Greater of 5% of Gross Proceeds or 20% of Net Proceeds upon assignment or other direct or indirect transfer of leasehold. • Refinance Participation: 20% of net loan proceeds not reinvested in leasehold.
COUNTY ADMIN. COSTS Ensure payment for County costs for lease extension	<ul style="list-style-type: none"> • Lessee agrees to reimburse County for costs associated with lease negotiations, option and lease preparation including all appraisal and consultant legal costs.
COUNTY INCOME CONTINUITY Ensure County revenue flow during development	<ul style="list-style-type: none"> • Minimum annual rent of \$75,000 per year commences upon exercise of Option and continues through completion of construction.
RIGHT TO RECAPTURE	<ul style="list-style-type: none"> • Provide County with a right to purchase the leasehold interest if Lessee desires to either assign or sell a controlling interest.

BOARD POLICY ITEM	TERMS
ARBITRATION	<ul style="list-style-type: none"> • Arbitration will use rent-a-judge procedure. "Baseball" type arbitration provision.
LEASE ASSIGNMENT - DISCLOSURE ISSUES	<ul style="list-style-type: none"> • Lease assignment and ownership disclosure requirements in accord with standard County policy.
DOCKMASTER	<ul style="list-style-type: none"> • Not applicable (no wet lot area).
PROMENADE	<ul style="list-style-type: none"> • Not applicable (no water frontage).
APPRAISAL	<ul style="list-style-type: none"> • The Department has obtained an independent appraisal confirming the return to the County from the lease is equivalent to, or greater than, fair market value.
ENTITLEMENTS: SITE COVERAGE, HEIGHT & LAND USES	<ul style="list-style-type: none"> • Lessee must obtain all regulatory approvals within 18 months of grant of Option by Board of Supervisors. If Lessee is unable to obtain all of the necessary approvals within the 18-month requirement, the Director may grant up to two 6-month extensions if Lessee can demonstrate it has diligently pursued those approvals. If Lessee obtains its approvals within the 18-month (or 24-month or 30-month) period, but such approvals are subject to litigation and appeal by a third party, then the Option exercise date will be tolled pending resolution of such litigation or appeal; provided, however, that the Option exercise date shall in no event be later than 4 years after the date of the grant of Option. • Density, site coverage, open space, view corridor, building height, entitlement and land uses are subject to Lessee obtaining all planning and entitlement approvals. • Lessee may pursue County and Coastal Commission planning and entitlement approvals with respect to the provision of interim replacement parking during construction.

Additional Matters

OTHER TERMS	<ul style="list-style-type: none">a) Ten years prior to expiration of lease, Lessee to structure funding for removal of improvements (at County's election).b) Rental renegotiation and insurance disputes subject to rent-a-judge procedure pursuant to "baseball" type arbitration.c) Maintenance standards for improvements to conform to Marina del Rey standards as revised from time to time.d) Lease administrative items include: a) late fee of 6% plus interest at prime plus 3% for any late payments; b) security deposit equal to three months' minimum rent; c) insurance levels set upon execution of the lease and renegotiated every five years thereafter; d) County approval rights over all construction plans and specifications; and e) enhanced audit and record-keeping standards.e) Liquidated damages of \$100 per day (adjusted for inflation) for each cited maintenance deficiency that remains uncured after a specified cure period, to be assessed against the security deposit.
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FISCAL IMPACT/FINANCING

The Lease reflects the County's current market rate percentage rents for all relevant categories. It will produce two categories of fiscal benefit to the County: 1) an option fee; and 2) revenue increases due to construction of a mixed-use 114-unit senior facility and 5,000 square feet of retail space on a former parking lot. Each component is discussed in detail below.

Option Fee

Lessee shall pay an option fee of \$100,000 due prior to grant of the Option by your Board.

Revenue Increase Due to New Construction

The total revenue derived from parking on Parcel OT during fiscal year 2006-2007 was approximately \$33,240. After construction, lease-up and stabilization of the new senior facility and retail space, annual County rent is projected to be approximately \$513,700, an annual increase of approximately \$480,460.

Costs of consultants and primary County staff involved in the negotiation and development of the Option and Lease are being reimbursed by the Lessee.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Parcel OT is a public parking lot located between the Oxford Flood Control Basin and the Marina International Hotel, with frontage on Admiralty Way and Washington Boulevard.

The Lessee has made application to the Department of Regional Planning for discretionary land use entitlements under the applicable standards of the Marina del Rey Local Coastal Program ("LCP"), including those related to the parcel use designation and a transfer of trip generations. The application is still under review. Approval of the Option is without prejudice to the County's full exercise of its regulatory authority in the consideration of the land use entitlements required for the possible exercise of the Option.

At its meeting of December 12, 2007, the Small Craft Harbor Commission _____ the recommendation to approve the Option and the Lease in the form attached. County Counsel has approved the documents as to form.

ENVIRONMENTAL DOCUMENTATION

The Option is categorically exempt under the California Environmental Quality Act pursuant to classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines. Approval of the Option does not authorize construction or reconstruction of any improvements on the parcel. The discretionary land use entitlements and the corresponding environmental documentation necessary to implement the proposed redevelopment contemplated by the Option and the Lease are under review by the Department of Regional Planning.

CONTRACTING PROCESS

The Lessee's proposal was received in response to the release of the Board-authorized RFP. The new Lease will be available to the Lessee upon the exercise of the Option. Upon Lessee's demonstration that it has satisfied the conditions for exercise contained in the Option and has received all planning, zoning, environmental and other entitlement approvals required to be obtained from governmental authorities for the construction of the development project, we will return to your Board with final confirmation that the conditions and approvals for exercise contained in the Option have been satisfied and will at that time request authorization for execution of the Lease.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on other current services or projects.

The Honorable Board of Supervisors
January 15, 2008
Page 9

CONCLUSION

Authorize the Executive Officer/Clerk of the Board to send two copies of the executed Option to the Department of Beaches and Harbors.

Respectfully submitted,

William T Fujioka

SW:SK:GB:dlg

Attachments (2)

c: County Counsel

**LEASE OPTION AGREEMENT
(PARCEL 147)**

THIS LEASE OPTION AGREEMENT ("Agreement") is made and entered into as of the ____ day of January, 2008, by and between the COUNTY OF LOS ANGELES ("County") and MDR OCEANA, LLC, a California limited liability company ("Lessee").

RECITALS

A. County owns fee title to certain real property in the Marina del Rey Small Craft Harbor commonly known as Parking Lot 8 or Parcel OT and annexing a portion of Parcel P, and more particularly described on Schedule 1 to Exhibit A to the form of the Lease attached to this Agreement as Exhibit A (the "Premises").

B. County and Lessee desire to enter into this Agreement pursuant to which County grants Lessee an option to lease the Premises from County on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Lessee agree as follows:

1. Grant of Option. County hereby grants to Lessee an option (the "Option") to lease the Premises from County for a term of sixty (60) years in accordance with the terms and conditions set forth in the form of Lease Agreement attached to this Agreement as Exhibit A (the "Lease"). In consideration of County's grant of the Option to Lessee, and as a condition to the effectiveness of the Option, Lessee shall pay to County concurrent with Lessee's execution of this Agreement the sum of One Hundred Thousand Dollars (\$100,000.00) (the "Option Fee"). The Option Fee shall be non-refundable.

2. Option Term. The term of the Option (the "Option Term") shall commence on the date of this Agreement and expire on that date (the "Option Expiration Date") which is the earlier of (i) forty-five (45) days following the later of the Entitlement Receipt Date under this Agreement and the "Entitlement Receipt Date" under the Parcel 21 Option Agreement, as defined in Section 4.4 of this Agreement (the "Parcel 21 Entitlement Receipt Date"), or (ii) the date that is eighteen (18) months following the date of this Agreement (the "Outside Expiration Date"), except to the extent the Outside Expiration Date is extended pursuant to the express provisions of this Agreement.

For purposes hereof, the "Entitlement Receipt Date" shall mean the first date upon which (a) Lessee has received all discretionary planning and zoning land use entitlements required to be obtained from governmental authorities (including the County and the California Coastal Commission) for the construction of the Development Work (as defined below) and has satisfied all conditions to the issuance of a building permit for the Development Work other than the payment of any applicable building permit fee (the "Entitlements"), (b) any appeal period to contest the issuance of such land use entitlements has lapsed, and (c) there is no proceeding or litigation pending to appeal the

issuance of such Entitlements, or to enjoin or restrain the performance of the Development Work (not including any proceeding or litigation brought by or on behalf of any partner, shareholder or member of, or any other person or entity affiliated with, or otherwise directly or indirectly having an ownership interest in, Lessee or the Parcel 21 Lessee (a "Lessee Affiliate")), or if such a proceeding or litigation is pending, then the date such proceeding or litigation has been dismissed or a decision or judgment rendered thereon, which decision or judgment is not subject to further appeal.

For purposes of this Agreement, the "Development Work" shall mean the demolition of any existing Improvements (as defined in the Lease) currently located on the Premises and the construction of a new 5-story, 114 unit mixed-use senior-only retirement residence facility in accordance with the Development Plan attached to the Lease as Exhibit B (the "Development Plan"), including without limitation, the following Improvements (as defined in the Lease): (i) 47 two-bedroom and 67 one-bedroom residential units; (ii) 5,000 square feet of ground floor retail space; (iii) structured parking for 154 vehicles; and (iv) public open space on the Northeasterly portion of the Premises, including without limitation, a public pedestrian walkway linking Admiralty Way and Washington Boulevard, each as more particularly described in the Development Plan and the Lease.

Notwithstanding any contrary provision hereof, if by that date which is forty five (45) days prior to the Outside Expiration Date (the "Extension Request Date") (1) Lessee and the Parcel 21 Lessee have been unable to cause one or both of the Entitlement Receipt Date or the Parcel 21 Entitlement Receipt Date to occur and one or both of the Entitlement Receipt Date or the Parcel 21 Entitlement Receipt Date is (are) not reasonably expected to occur by the Outside Expiration Date, (2) in the reasonable judgment of the Director of the Department of Beaches and Harbors of the County ("Director") Lessee and the Parcel 21 Lessee have proceeded with diligent efforts to cause the Entitlement Receipt Date and the Parcel 21 Entitlement Receipt Date to occur by the Outside Expiration Date, and (3) on or before the Extension Request Date Lessee submits a written request in writing to Director requesting an extension of the Outside Expiration Date to afford Lessee and the Parcel 21 Lessee (as applicable) with additional time to cause the Entitlement Receipt Date and Parcel 21 Entitlement Receipt Date to occur (as applicable), then the Director may grant, in its discretion, one or more extensions of the Outside Expiration Date, provided that (A) any extension of the Outside Expiration Date shall be limited to that period of time which, in the reasonable judgment of Director, is reasonably necessary to permit the Entitlement Receipt Date and Parcel 21 Entitlement Receipt Date to occur, and (B) Director shall not extend the Outside Expiration Date by more than six (6) months at a time, and in no event shall Director extend the Outside Expiration Date beyond that date which is thirty (30) months following the date of this Agreement. The Outside Expiration Date shall not be extended under this paragraph if Lessee is in breach or default of this Agreement or the Parcel 21 Lessee is in breach or default of the Parcel 21 Option Agreement. Lessee shall not be required to pay to County a fee for any extension of the Outside Expiration Date pursuant to this paragraph.

In addition, if as of forty-five (45) days prior to the Outside Expiration Date (as such date may have been extended pursuant to the immediately preceding paragraph), the Entitlement Receipt Date or Parcel 21 Entitlement Receipt Date has not occurred because (a) the Development Work or the Redevelopment Work under the Parcel 21 Option Agreement (the "Parcel 21 Redevelopment Work") is the subject of a pending proceeding or litigation to appeal the issuance of the Entitlements for such particular work or to enjoin or restrain the performance of the Development Work or the Parcel 21 Redevelopment Work (other than any proceeding or litigation brought by or on behalf of a Lessee Affiliate), or (b) a moratorium, temporary restraining order, injunction or other court order prohibits the issuance of the Entitlements for the Development Work or the Parcel 21 Redevelopment Work, and such moratorium, temporary restraining order, injunction or other court order also pertains to all other similar projects in Marina del Rey on land leased from the County, then as long as Lessee and the Parcel 21 Lessee (as applicable) continue to diligently prosecute or pursue the defense or removal of such proceeding, litigation, moratorium or court order, the Outside Expiration Date shall be extended until not later than forty-five (45) days following the date that such proceeding, litigation, moratorium or court order is resolved in favor of the issuance or validity of the Entitlements for the Development Work and the Parcel 21 Redevelopment Work (as applicable), with no further right of appeal; provided, however, in no event shall the Outside Expiration Date be extended beyond the fourth (4th) anniversary of the date of this Agreement. The Outside Expiration Date shall not be extended under this paragraph if Lessee is in breach or default of this Agreement or the Parcel 21 Lessee is in breach or default of the Parcel 21 Option Agreement. Lessee shall not be required to pay to County a fee for any extension of the Outside Expiration Date pursuant to this paragraph.

3. Exercise of Option. The Option shall be exercisable by Lessee only by Lessee's strict satisfaction on or before the Option Expiration Date (as such date may be extended as expressly provided herein) of the following terms and conditions: (i) Lessee shall notify County in writing of its exercise of the Option; (ii) Lessee shall accompany the notice described in the preceding clause (i) with (A) Lessee's execution and delivery to County of the Lease with any blank or bracketed terms set forth in Exhibit A completed in accordance with the terms and provisions of this Agreement (County hereby agrees to cooperate with Lessee to permit the completion of such blank or bracketed terms), and (B) Lessee's payment of the amount of the Security Deposit required to be delivered by Lessee under Article 7 of the Lease; (iii) the Entitlement Receipt Date shall have occurred and there shall be no action or proceeding pending or, to Lessee's or County's actual knowledge, threatened, to contest the governmental entitlements and approvals issued for the Development Work or to enjoin or restrain the performance of the Development Work; (iv) Lessee shall have provided evidence satisfactory to County of its having sufficient financial resources, as determined by the Director in Director's reasonably judgment, to complete the Development Work; (v) Director shall have approved all plans, specifications and other materials for the Development Work required to be submitted to Director pursuant to Section 4.3 of this Agreement; (vi) the conditions to the exercise of the Option set forth in Section 4.4 pertaining to the Off-Site Replacement Parking Spaces shall have been satisfied; and (vii) all conditions to the exercise of the Parcel 21 Option shall have been satisfied and the Parcel 21 Lessee shall have concurrently exercised the Parcel 21 Option. Upon Lessee's proper and timely

exercise of the Option, County shall execute and deliver the Lease and the Parcel 21 Lease on a concurrent basis not later than forty-five (45) days following the date of Lessee's exercise of the Option.

4. Entitlements and Plan Preparation During Option Term.

4.1 Obtaining Entitlements. During the Option Term, Lessee shall use diligence efforts to obtain as soon as reasonably possible all Entitlements necessary to perform the Development Work. Such efforts shall include Lessee's expenditure of such funds, including, without limitation, application fees, travel costs, architectural fees and consulting and lobbying fees, as reasonably necessary to expedite the permit, license and other approval processes.

4.2 County Cooperation. In its proprietary capacity, the Department of Beaches and Harbors of the County of Los Angeles (the "Department") shall cooperate with and assist Lessee, to the extent reasonably requested by Lessee, in Lessee's efforts to obtain the Entitlements which may be required in connection with the performance by Lessee of the Development Work. Such cooperative efforts may include the Department's joinder in any application for such approval, consent, permit or variance, where joinder therein by the Department is required or helpful (including without limitation, but only if approved by Director, co-application by County to eliminate or reduce the Off-Site Replacement Public Parking Spaces described in Section 4.4(b) hereof); provided, however, that Lessee shall reimburse County for the Actual Costs (as defined in the Lease) incurred by the Department in connection with such joinder or cooperative efforts. Notwithstanding the foregoing, Lessee and County acknowledge that the approvals given by County under this Agreement and/or the Lease shall be approvals pursuant to its authority under Section 25907 of the California Government Code and given in its proprietary capacity; that approvals given under this Agreement and/or the Lease in no way release Lessee from obtaining, at Lessee's expense, all permits, licenses and other approvals required by law for the construction of the Development Work and operation and other use of the Premises; and that the Department's duty to cooperate and County's approvals under this Agreement and/or the Lease do not in any modify or limit the exercise of County's governmental functions or decisions as distinct from its proprietary functions pursuant to this Agreement and/or the Lease.

4.3 Plans and Specifications for Development Work. The Development Work shall be constructed by Lessee in accordance with and subject to the terms and provisions of Article 5 of the Lease. The requirements of Article 5 of the Lease include, without limitation, the obligation of Lessee to prepare and submit to the Director for the Director's approval certain plans, specifications, construction cost estimates and other materials pertaining to the Development Work, as set forth in more detail in Sections 5.2 through 5.4 of the Lease. The schedule for the preparation, submittal and approval of such plans, specifications, construction cost estimates and other materials shall generally proceed in accordance with the terms and provisions of the Lease. Notwithstanding the foregoing, during the period commencing on the date of this Agreement and expiring on the earlier of Lessee's exercise of the Option or the Option Expiration Date, Lessee shall prepare and submit to Director for Director's approval,

those portions of the plans, specifications and other materials described in Sections 5.2 through 5.4 of the Lease which are required to be submitted to governmental authorities (including the County and the California Coastal Commission) in connection with Lessee's applications for and/or receipt of all discretionary planning and zoning land use entitlements for the Development Work. Lessee shall accompany such plans, specifications and other materials with the construction cost estimates described in such Sections 5.2 through 5.4, as applicable. The standards and time periods for Director's review and approval of the materials submitted by Lessee pursuant to this Section 4.3 shall be in accordance with the terms and provisions of Sections 5.2 through 5.4 of the Lease, which terms and provisions are hereby incorporated into this Agreement by reference. Such plans, specifications and other materials shall be prepared and submitted to Director by Lessee in accordance with a schedule which shall facilitate Lessee's satisfaction of all conditions precedent to the exercise of the Option on or before the Option Expiration Date (as the same may be extended pursuant to the terms hereof).

4.4 Off-Site Replacement Public Parking. The Premises currently contains one hundred eighty-six (186) existing public parking spaces that will be required to be replaced in connection with the development of the Development Work (the "Replacement Public Parking Spaces"). As part of the Development Work, Lessee shall construct a total of one hundred fifty-four (154) parking spaces on the Premises, sixty-two (62) of which shall be used to satisfy the parking requirements for the Improvements to be constructed on the Premises and the remaining ninety-two (92) of which shall be restricted for use as Replacement Public Parking Spaces. Lessee shall satisfy the remaining required Replacement Public Parking Spaces by causing to be constructed at Lessee's expense ninety-four (94) additional parking spaces off-site (the "Off-Site Replacement Public Parking Spaces") on certain property commonly known as Parcel 21 that is leased by County to Lessee's affiliate, Holiday-Panay Way Marina, L.P. (with its successors and assigns, the "Parcel 21 Lessee"). Concurrent or substantially concurrent herewith, County has entered into an Option to Amend Lease Agreement with the Parcel 21 Lessee (the "Parcel 21 Option Agreement") that grants the Parcel 21 Lessee an option (the "Parcel 21 Option") to amend and restate its lease for Parcel 21 (as amended and restated, the "Parcel 21 Lease"), including an extension of the term thereof. As a condition to the extension of the term of the Parcel 21 Lease, the Parcel 21 Lessee is obligated to construct a new parking structure with sufficient capacity to house the Off-Site Replacement Public Parking Spaces. Except as provided in the next paragraph, the right of Lessee to exercise the Option under this Agreement shall be conditioned upon the unconditional commitment of the Parcel 21 Lessee to construct the Off-Site Replacement Public Parking Spaces on Parcel 21. In addition, no temporary or permanent certificate of occupancy permitting the use and occupancy of the Improvements constructed as part of the Development Work shall be issued until a temporary or permanent certificate of occupancy is issued for the use and occupancy of the Off-Site Replacement Public Parking Spaces on Parcel 21. No Force Majeure (as defined in the Restated Lease) event or failure of the Parcel 21 Lessee to obtain all required governmental approvals for the construction of additional parking facilities on Parcel 21 shall have any effect on the terms and provisions of the immediately preceding sentence.

Subject to the approval of Director, at the request of Lessee and the Parcel 21 Lessee, County agrees to be a co-applicant in petitioning the California Coastal Commission to eliminate or reduce the requirement for the Off-Site Replacement Public Parking Spaces. If the California Coastal Commission approves the elimination of the Off-Site Replacement Public Parking Spaces, then (a) the Off-Site Replacement Public Parking Spaces shall not be required to be provided, (b) the exercise of the Parcel 21 Option shall not be a condition precedent to the exercise of the Option under this Agreement, and (c) all references in this Agreement to matters pertaining to the exercise of the Parcel 21 Option or to the Entitlements or Redevelopment Work for Parcel 21, shall be of no further force or application. If the California Coastal Commission approves only a reduction in the number of Off-Site Replacement Public Parking Spaces, then the immediately preceding sentence shall not be applicable, but the number of Off-Site Replacement Public Parking Spaces required to be provided on Parcel 21 shall be reduced accordingly.

5. Contest Delay. If the Entitlements under this Agreement and the Entitlements under the Parcel 21 Option Agreement are obtained on or before the Outside Expiration Date (as the Outside Expiration Date may be extended by Director pursuant to the last paragraph of Section 2 above), but such Entitlements are contested by appeal or litigation brought by a third party (a "Contest Delay"), then upon the written request of Lessee, and provided that Lessee or the Parcel 21 Lessee (as applicable) continues to use diligent efforts to contest the appeal or litigation, Director shall extend the Option Expiration Date until a final order or decision on such appeal or litigation is issued or such appeal or litigation is dismissed or otherwise resolved; provided, however, in no event shall the Outside Expiration Date be extended beyond the fourth (4th) anniversary of the date of this Agreement. For purposes of the immediately preceding sentence, a "third party" shall mean any person or entity other than (a) Lessee, the Parcel 21 Lessee or any person or entity with any direct or indirect interest in Lessee or the Parcel 21 Lessee, or (b) the governmental agency, commission, board or other instrumentality that issued the Entitlement that is the subject of the appeal or litigation. Lessee shall not be required to pay to County a fee for any extension of the Outside Expiration Date pursuant to this Section 5.

6. County Costs. Regardless of whether Lessee exercises the Option, Lessee shall promptly reimburse County for the Actual Costs (as defined in the Lease) incurred by County in the review, negotiation, preparation and documentation of the Lease, this Agreement and the term sheets and memoranda that preceded the foregoing. County shall deliver to Lessee an initial report detailing such expenditures within ninety (90) days after the date of this Agreement. County shall thereafter deliver supplemental reports to Lessee for costs, if any, incurred subsequent to the initial report.

7. Miscellaneous.

7.1 Time is of the Essence. Time is of the essence of this Agreement, including, without limitation, with respect to all times, restrictions, conditions and limitations set forth herein.

7.2 Waivers. Except as stated in writing by the waiving party, any waiver by either party of any breach of any one or more of the covenants, conditions, terms or provisions of this Agreement shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term or provision of this Agreement, nor shall failure on the part of either party to require exact, full and complete compliance with any of the covenants, conditions, terms or provisions of this Agreement be construed to in any manner change the terms hereof or estop that party from enforcing the full provisions hereof.

7.3 Notices. All notices required or permitted to be given under this Agreement shall be given in accordance with the terms and provisions of Section 15.10 of the Lease.

7.4 Captions. The captions contained in this Agreement are for informational purposes only, and are not to be used to interpret or explain the particular provisions of this Agreement.

7.5 Attorneys' Fees. In the event of any action, proceeding or arbitration arising out of or in connection with this Agreement, whether or not pursued to judgment, the prevailing party shall be entitled, in addition to all other relief, to recover its costs and reasonable attorneys' fees, including without limitation, attorneys' fees for County Counsel's services where County is represented by the County Counsel and is the prevailing party.

7.6 No Assignment. Lessee shall have no right to assign or transfer its rights or obligations under this Agreement to any other person or entity, without the express written consent of County, which consent may be withheld by County in its sole and absolute discretion.

7.7 Entire Agreement. This Agreement sets forth the full and complete understanding of the parties relating to the subject matter hereof, and supercedes any and all agreements, understandings and representations made prior hereto with respect to such matters.

7.8 Joint Effort. Preparation of this Agreement has been a joint effort of the parties, and the resulting document shall not be construed more severely against one of the parties than against the other.

7.9 Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

7.10 Counterparts. This Agreement may be signed in any number of counterparts. Each counterpart shall represent an original of this Agreement and all such counterparts shall collectively constitute one fully-executed document.

7.11 Successors and Assigns. Subject to Section 7.6 above, the rights and obligations of the parties under this Agreement shall be binding upon the parties' respective successors and assigns.

7.12 Exhibits. Exhibit A attached to this Agreement is hereby expressly incorporated herein by reference.

8. Affordable Housing. As a condition to the exercise of the Option, Lessee shall satisfy all affordable housing requirements of County applicable to the receipt of the Entitlements and the development on the Premises of the Development Work.

SIGNATURES ON FOLLOWING PAGE

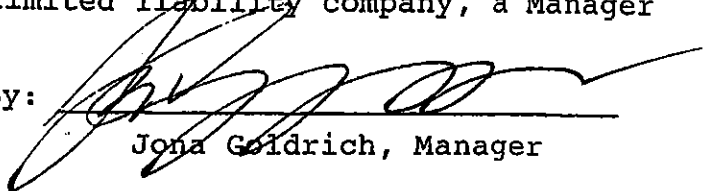
IN WITNESS WHEREOF, County and Lessee have entered into this Agreement
as of the day and year first written above.

THE COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

MDR OCEANA, LLC, a California limited
liability company

By: Alta Group GP, LLC, a California
limited liability company, a Manager

By:  _____
Jona Goldrich, Manager

ATTEST:

SACHI HAMAI,
Executive Officer of the Board of
Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.,
County Counsel

By: _____
Deputy

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By: _____

EXHIBIT A

LEASE